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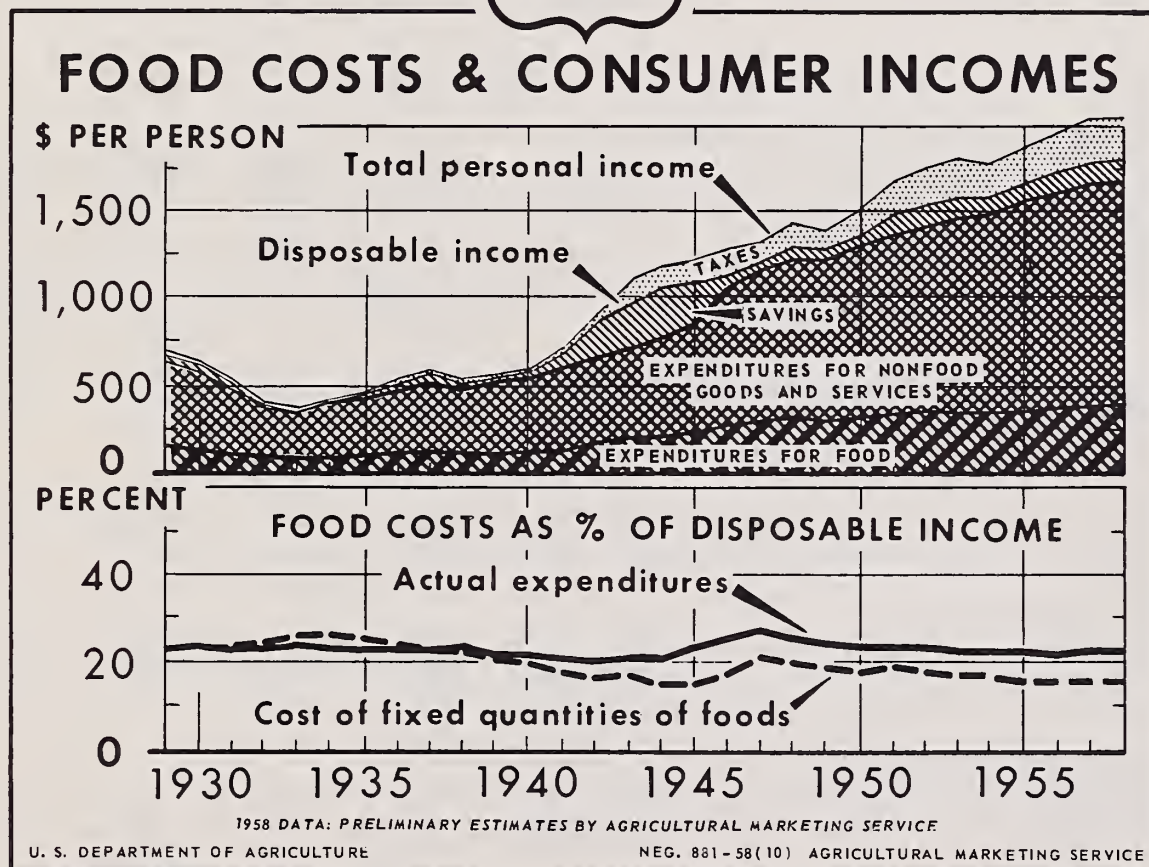
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The MARKETING and TRANSPORTATION SITUATION

MTS-131

In this issue:
Consumer Expenditures for Food
Integration in the Livestock Industry
The Transportation Act of 1958
The Level of Rail Freight Rates . . .



Expenditures for food per person rose 18 percent from 1948 to 1957. During this period, per capita disposable income increased 38 percent. Rising prices accounted for more than half of the increase in expenditures for food. Other factors were substitution of more expensive for less expensive food and purchased food for home-produced food, a small increase

in the quantity of food consumed per person, and more meals eaten in restaurants and other eating places.

Consumers spent 22 percent of their disposable income for food in 1957, but food of the same type and quantity as they bought in 1935-39 would have taken only 16 percent of their income.

STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1957		1958			
		Year	July-Sept.	Jan.-Mar.	Apr.-June	July-Sept.	
<u>Farm-to-retail price spreads</u>							
Farm-food market basket: 1/							
Retail cost	Dol.	1,007	1,030	1,056	1,085	1,069	
Farm value	Dol.	402	415	436	444	420	
Farm-retail spread	Dol.	605	615	620	641	649	
Farmer's share of retail cost	Pct.	40	40	41	41	39	
Cotton: 2/							
Retail cost	Dol.	56.50	56.54	56.38	56.21	—	
Farm value	Dol.	6.74	7.07	5.74	6.40	—	
Farm-retail spread	Dol.	49.76	49.47	50.64	49.81	—	
Farmer's share of retail cost	Pct.	12	13	10	11	—	
Tobacco: 3/							
Retail cost	Dol.	3.64	—	—	—	—	
Farm value	Dol.	.55	—	—	—	—	
Federal and State excise taxes	Dol.	1.39	—	—	—	—	
Farm-retail spread excluding excise taxes	Dol.	1.70	—	—	—	—	
Farmer's share of retail cost	Pct.	15	—	—	—	—	
<u>General economic indicators</u>							
Consumers' per capita income and expenditures: 4/							
Disposable personal income	Dol.	1,782	1,799	1,762	1,770	1,800	
Expenditures for goods and services	Dol.	1,661	1,680	1,653	1,660	1,673	
Expenditures for food	Dol.	388	395	393	398	—	
Expenditures for food as percentage of disposable income	Pct.	22	22	22	22	—	
			1957		1958		
			Year	Aug.	June	July	Aug.
Hourly earnings, production workers, manufacturing: 5/	Dol.	2.07	2.07	2.12	2.13	2.13	
Hourly earnings of food marketing employees 6/	Dol.	1.90	1.89	1.98	1.98	1.97	
Retail sales: 7/							
Food stores	Mil. dol.	3,981	4,057	4,272	4,216	4,152	
Apparel stores	Mil. dol.	1,020	1,092	1,012	1,060	1,094	
Manufacturers' inventories: 7/							
Food and beverage	Mil. dol.	4,802	4,805	4,761	4,706	4,579	
Textile	Mil. dol.	2,656	2,649	2,572	2,550	2,535	
Tobacco	Mil. dol.	2,012	2,024	1,859	1,836	1,843	
Indexes of industrial production: 8/							
Food and beverage manufactures	1947-49=100:	113	113	116	116	115	
Textiles and apparel	1947-49=100:	104	106	102	107	108	
Tobacco manufactures	1947-49=100:	111	111	116	121	121	
Index of physical volume of farm marketings	1947-49=100:	116	122	111	125	131	
<u>Price indexes</u>							
Consumer price index 5/	1947-49=100:	120	121	124	124	124	
Wholesale prices of food 5/	1947-49=100:	104	105	111	110	108	
Wholesale prices of cotton products 5/	1947-49=100:	91	90	88	87	88	
Wholesale prices of woolen products 5/	1947-49=100:	110	111	101	100	100	
Prices received by farmers 9/	1947-49=100:	89	91	94	94	93	
Prices paid by farmers 9/	1947-49=100:	114	114	118	118	117	

1/ Average quantities of farm food products purchased per wage-earner and clerical-worker family in 1952.

2/ 42 cotton articles of clothing and housefurnishings, weighted by average annual quantities bought by wage earners and clerical workers as reported in 1934-36 survey. Data are for last month of quarter. 3/ 4 tobacco products from 1 pound of leaf tobacco (farm-sales weight), weighted by leaf equivalent of tax-paid withdrawals. Preliminary data for the fiscal year beginning July 1957. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Third quarter 1958 data are preliminary estimates by the Council of Economic Advisers. 5/ Dept. of Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 7/ Seasonally adjusted, Dept. of Commerce. Annual data for 1957 are on an average monthly basis. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board October 30, 1958

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SUMMARY

Unit charges for marketing farm food products have continued to rise in 1958 and in the third quarter averaged 5 percent higher than a year earlier. Further increases are in prospect for 1959. Most of the costs of marketing food advanced further in the last year. Costs of containers, packaging materials, motortrucks, equipment, construction, and many other items have risen this year. Average hourly earnings of food marketing employees climbed about 4 percent during the 12 months ended in August 1958. But unit labor costs probably have increased less than hourly earnings because of improvements in productivity. Further increases in both hourly earnings and productivity are expected in 1959.

Prices farmers received for food products rose rapidly in the final quarter of 1957 and in the first quarter this year. The second quarter average was the highest since July-September 1953. Farm prices of food products have moved downward since March and decreases next year are expected.

Retail prices of farm-produced food products averaged 4 percent higher in the quarter just ended than in the third quarter last year. Farmers received one-eighth of this increase; marketing agencies received the remainder.

In February 1958 the Interstate Commerce Commission granted the railroads small temporary increases in freight rates for most agricultural commodities. Last September the Commission replaced these with permanent rate increases. Thus, freight rates for agricultural commodities will average a little higher next year than in 1958.

Available data indicate that food processors, tobacco manufacturers, and retail food chains had larger net profits in the first half of 1958 than in the like period last year. However, profits of firms manufacturing textile mill products and apparel and other finished textile products were sharply lower. In 1957, profits of leading food manufacturing firms, both as percentages of sales and of stockholders' equity were lower than in the previous year, but profit ratios of leading manufacturers of tobacco products increased from 1956 to 1957. Major wholesale food distributors' profits (after taxes) were a smaller percentage of sales in 1957 than in 1956 but the same percentage of stockholders' equity. After-tax profit ratios of the eight leading retail food chains increased in 1956 and in 1957.

Farm marketings this year probably will establish a new record and the record 1958 output of crops will keep marketings at a high level in the first half of 1959. Further increases in consumer incomes are anticipated and food expenditures will also increase, but consumers probably will spend a little smaller proportion of their incomes on food next year.

Special Features in This Issue

Per capita expenditures for food have not increased as much as per capita disposable income in recent years. These trends probably will continue in the years ahead. The first article in this issue discusses food-expenditure and marketing-bill statistics and the factors influencing expenditures for food (pp. 19-28).

The second article discusses integration in the livestock industry -- a development which some observers believe will bring widespread changes in livestock production and marketing (pp. 29-35).

The Transportation Act of 1958 affects transportation charges and services. For a discussion of the Act's provisions see pages 36-40.

The Agricultural Marketing Service rail freight rate indexes show that increases in freight rates since World War II have not been uniform for the various agricultural commodity groups. These variations are discussed in the final article in this issue. The article presents revised annual indexes for 1953-57 and new monthly indexes for 1956 and 1957. See pages 41 and 42.

TRENDS IN FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS AND OUTLOOK FOR 1959

Recent Trends

The retail cost of the "market basket" of farm food products in the third quarter of 1958 dropped slightly from the record established in the preceding quarter (table 1). 1/ But at an annual rate of \$1,069 it was 4 percent higher than a year earlier (table 14, p. 46). 2/ With the retail cost substantially higher than a year earlier and with only a slight increase in farm value, 3/ the market basket farm-retail spread was 5 percent wider than in the third quarter last year. 4/ Marketing charges increased for all principal farm food product groups.

Both the retail cost and the farm value rose rapidly during the early part of 1958, mainly because of sharp increases in prices of citrus fruits, fresh vegetables, and meat animals. Unfavorable weather last winter sharply reduced the supplies of citrus fruits and fresh vegetables but prices of fresh vegetables fell when the new crops came to market during the spring and summer. Marketing charges for these products also decreased in the third quarter, so retail prices dropped more than prices received by farmers. Fresh vegetables accounted for much of the decrease in the market basket retail cost from the second to the third quarter (table 14, p. 46).

Farmers marketed fewer cattle and hogs in the first half of 1958 than in the same period of the previous year, but marketings of hogs in the third quarter exceeded year-ago levels. Prices farmers received for meat animals rose during the first 5 months of the year. Although prices of cattle and hogs have declined since June, the farm value of the meat products group was 9 percent higher in the third quarter of this year than in the same period of 1957. Because of continued increases in marketing charges, the retail price of pork rose from the second to the third quarter but beef was down a little.

Charges for marketing farm food products rose throughout the first 7 months of this year (table 1). The increase was particularly steep after March when retail prices continued to rise in the face of a downturn in farm prices of food products. The spread between the farm value and the retail cost widened to an annual rate of \$649 in the third quarter, 5 percent more than in the same quarter last year, and 1 percent more than in the preceding quarter (table 15, p. 47). The farm-retail spread dropped slightly in August and preliminary studies indicate a further drop in September. Costs incurred by marketing firms generally have risen this year. (See pp. 10-17 for an account of recent trends in marketing costs.)

1/ The "market basket" contains the average quantities of farm-produced food products purchased for consumption at home per urban wage-earner and clerical-worker family in 1952. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in "Farm-Retail Spreads for Food Products," U. S. Dept. Agr., Misc. Pub. 741, 1957.

2/ The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The "market basket" of farm foods does not include imported foods, fishery products and other foods of nonfarm origin, or costs of meals purchased in public eating places.

3/ The farm value is the payment farmers received for the farm products equivalent to the foods in the market basket.

4/ The farm-retail spread or marketing margin is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.- The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-58 ^{1/}

Year and month	Retail cost ^{2/}	Farm value ^{3/}	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947	911	467	444	51
1948	982	497	485	51
1949	928	435	493	47
1947-49 average	940	466	474	50
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	402	605	40
1958 ^{4/}	1,065	425	640	40
1957	:			
Jan.	978	390	588	40
Feb.	987	383	604	39
Mar.	981	388	593	40
Apr.	992	395	597	40
May	1,000	393	607	39
June	1,014	402	612	40
July	1,029	^{5/} 411	^{5/} 618	40
Aug.	1,036	421	615	41
Sept.	1,026	412	614	40
Oct.	1,017	402	615	40
Nov.	1,012	408	604	40
Dec.	1,016	413	603	41
1958	:			
Jan.	1,042	422	620	40
Feb.	1,049	430	619	41
Mar.	1,075	456	619	42
Apr.	1,085	452	633	42
May	1,085	447	638	41
June	1,084	434	650	40
July	1,080	425	655	39
Aug.	1,065	416	649	39

^{1/} The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-56 are published in "Farm-Retail Spreads for Food Products," U. S. Dept. of Agr. Misc. Pub. 741, 1957.

^{2/} Retail cost of average quantities of farm foods purchased per urban wage-earner and clerical-worker family in 1952, calculated from retail prices collected by the Bur. of Labor Statistics.

^{3/} Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

^{4/} Preliminary.

^{5/} Revised.

Current data are given in the Statistical Summary,
a monthly publication of the Agricultural Marketing Service:

Farmers received 39 cents of each farm food dollar spent by consumers in retail food stores during the third quarter of this year. ^{5/} This compares with 41 cents in the preceding quarter and 40 cents in the third quarter last year. (See table on inside of front cover.) The share for 1958 is expected to average 40 cents. The farmer's share differs considerably for individual products. It usually is low for those requiring much processing and relatively high for unprocessed products, such as eggs.

Long Term Trends

The spread between the farm value and retail cost of foods in the market basket has widened in every year but one since 1947 (table 1). It reached an average annual rate of \$605 in 1957 and a record quarterly average annual rate of \$649 in July-September 1958. The 1947-49 average is \$474. Widening spreads accompanied general increases during the 1947-58 period in retail costs and some decline in farm values (fig. 1).

Retail Cost

The market basket retail cost increased from an average annual rate of \$940 during 1947-49 to \$1,070 in the first 9 months of this year; a rise of 14 percent. After 2 years of rapidly rising prices, the first major postwar peak was reached in September 1948, with the retail cost of the market basket at an annual rate of \$1,012. During the ensuing recession, the retail cost dropped to \$871 in February 1950, the low for the entire 1947-58 period. The Korean conflict brought sharp increases in retail prices of food. From February 1950 to July 1952, the market basket retail cost increased 21 percent to the second major postwar peak of \$1,056. From the third quarter of 1952 until the first quarter of 1956, the movement of retail costs generally was downward, accompanying the decline in farm prices. Since March 1956, the retail cost has edged irregularly upward. Minor peaks were reached in July 1956 and August 1957. The record monthly retail cost of \$1,085 in April and May of this year was the third major postwar peak.

Farm Value

The market basket farm value has fluctuated widely since 1947 but has followed the same general pattern of change as the retail cost. The farm value reached a postwar peak in July 1948 when it stood at \$523 (annual rate). By January 1950 it had dropped to a low of \$406, but farm prices increased sharply in the second half of 1950. The biggest year-to-year change in the farm value during 1947-58 was from 1950 to 1951 when it jumped \$65, or 15 percent. About four-fifths of this increase was caused by the meat products, dairy products, and poultry and eggs groups. Farm value of the other principal commodity groups increased slightly. After establishing a peak of \$507 in February and March 1951, the farm value dropped gradually until February 1956 when it reached \$365, the low for the 1947-58 period. During this period, the farm value declined 28

^{5/} Estimates of the division of retail cost between farmers and marketing agencies are based on concurrent prices at the farm and retail levels, except for processed fruits and vegetables and sugar. During a period of rising prices, the farmer's share calculated on this basis is somewhat larger than the share derived by comparing prices received by farmers for particular lots of products with prices paid by consumers for the same lots after they have moved through the marketing system. The reverse is true in periods of declining prices.

percent. Farm values of all principal product groups except fruits and vegetables dropped but meat products accounted for most of the decline. The farm value of the meat product groups was about 50 percent lower in the first quarter of 1956 than in the same quarter of 1951. Since early 1956, the market basket farm value, like the retail cost, has trended upward. The farm value, however, has risen less than the retail cost as marketing charges have continued to increase.

After dropping in September and October of 1957, farm prices of some product groups started upward again. The farm value rose to an annual rate of \$444 in the second quarter of 1958. This was the highest quarterly farm value since July-September 1953. A 19-percent increase for the meat products group and a 52-percent rise for fresh fruits and vegetables accounted for the rise from the last quarter of 1957 to the second quarter of 1958.

Farm-Retail Spread

Like the retail cost and the farm value, the marketing spread dropped during the recession of late 1948 to early 1950. The decline for the farm-retail spread, however, was much smaller, both in percentage and absolute terms, than for the retail cost and the farm value. From an average annual rate of \$467 in the first quarter of 1950, the farm-retail spread rose to \$649 in the third quarter this year. It did not decline during the 1953-54 recession although its rise slackened. The 1957-58 recession had no discernible effect on the farm-retail spread. Although it decreased slightly in the final quarter of 1957, it increased rapidly in the first half of 1958. Farm-retail spreads for all product groups except fats and oils were wider in 1958 than in 1947-49, but the largest increases were for the meat products group (49 percent) and the bakery products group (48 percent). The market basket farm-retail spread increased 34 percent (fig. 2.)

Outlook for 1959

Marketing charges probably will rise further in 1959. Labor costs are likely to continue upward despite improvements in productivity. Increases in other costs also are in prospect. The average farm-retail spread for 1959 probably will exceed the annual average of \$640 (annual rate) forecast for this year (table 1).

The farm value in 1959 is expected to average a little below the prospective 1958 average of \$425. Lower prices for hogs are expected to cause much of this decline. Unless weather conditions this winter are again unfavorable, prices of fresh vegetables should be considerably lower in the first half of 1959 than during the same months this year. Poultry products and potatoes also are likely to be down in this period.

Decreases in prices farmers receive for food products may be large enough to offset increases in marketing charges. If so, the retail cost of the market basket next year may average less than the annual rate of \$1,065 forecast for this year.

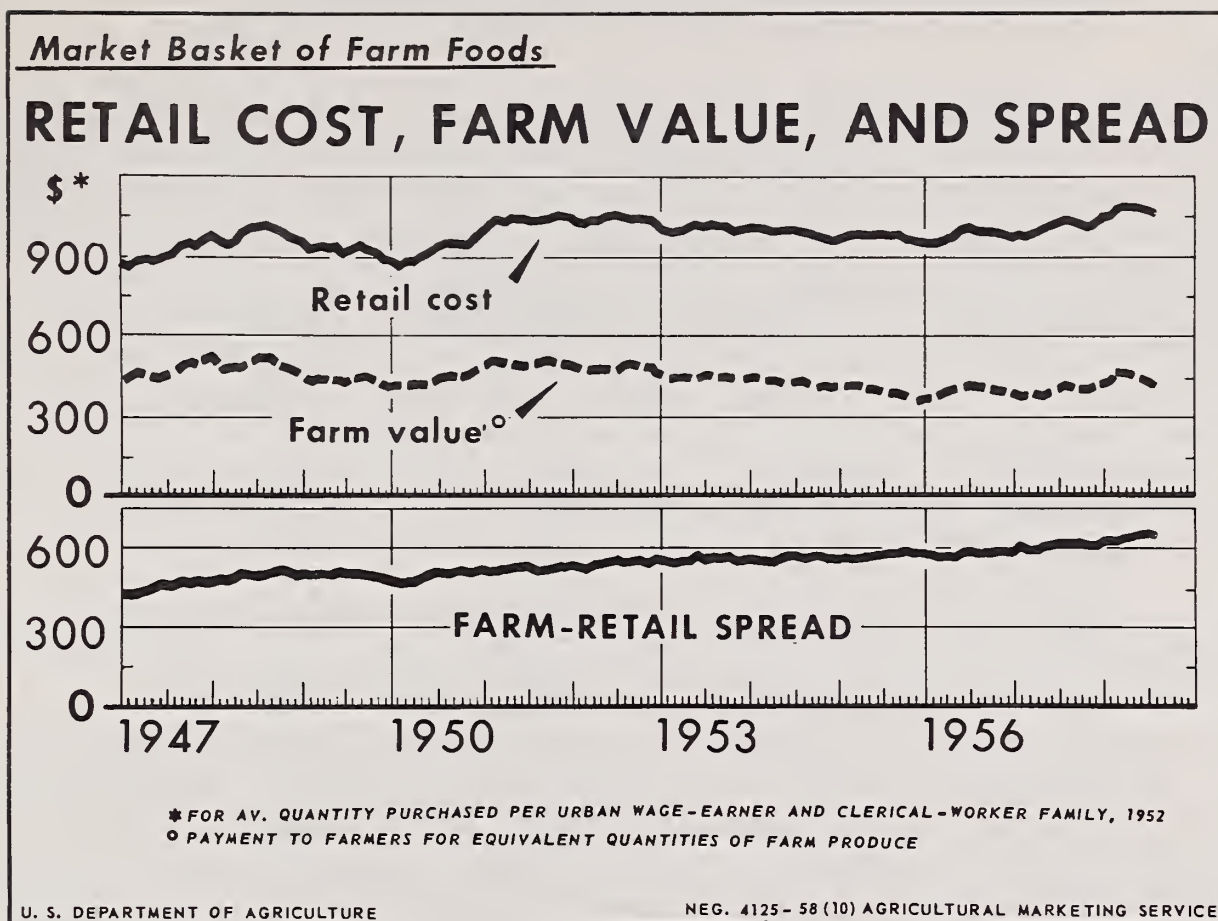


Figure 1

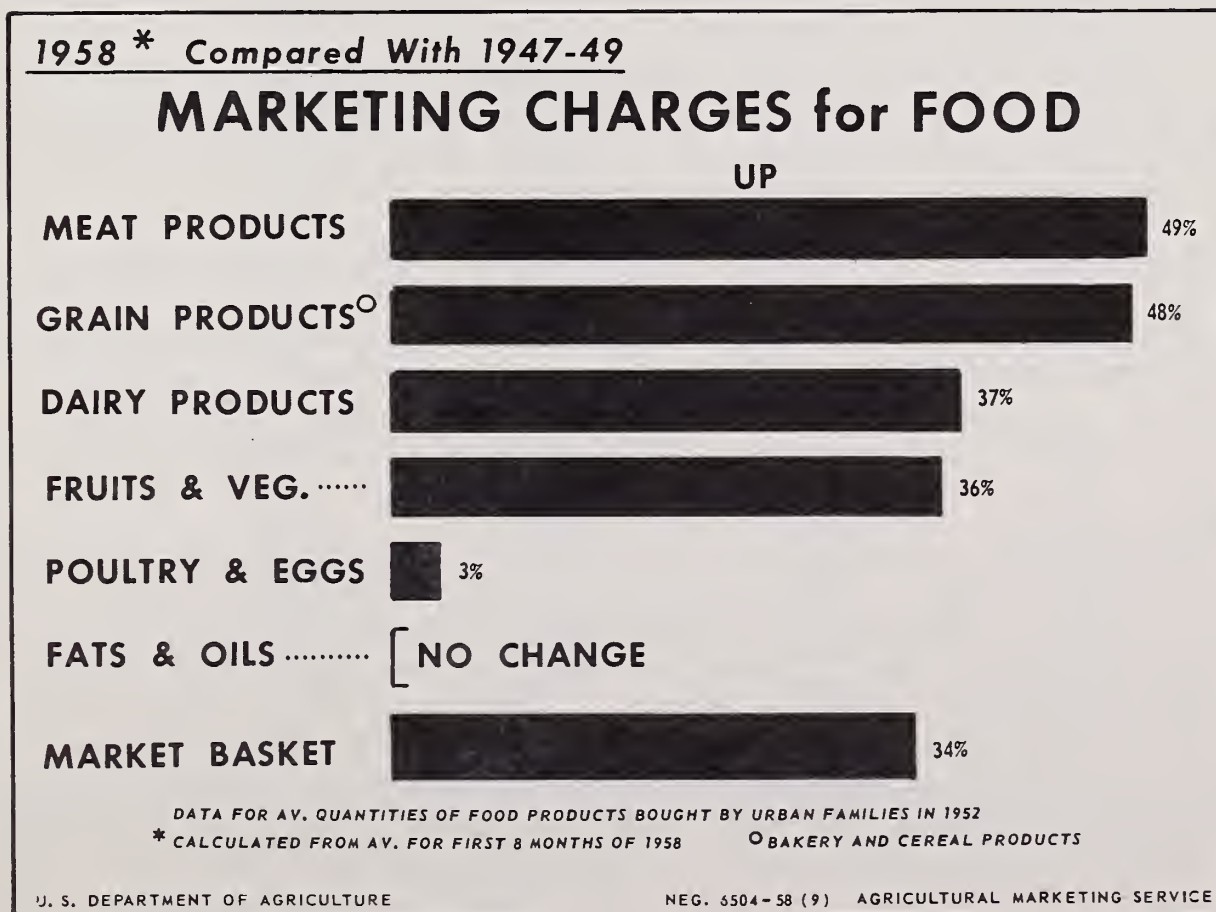


Figure 2

COSTS AND PROFITS IN MARKETING FARM PRODUCTS

Labor Costs

Employees of food processing, wholesaling, and retailing firms earned an average of \$1.97 per hour in August 1958 (the latest month for which data are available) compared with \$1.89 a year earlier (table 2). This increase of about 4 percent was smaller than the August-to-August rise in most recent years. It was, however, a little larger than the increases in average hourly earnings in all manufacturing industries and in retail trade. Hourly earnings in the tobacco manufacturing industry rose about 7 percent during the same period. But average hourly earnings in that industry declined seasonally in August and the drop last year was considerably sharper than usual. The rise from July 1957 to July 1958 amounted to 3 percent. Average hourly earnings in the textile industries and in retail apparel and accessories stores changed little during the year ended in August 1958. 1/

Costs of fringe benefits have risen at a faster rate in recent years than average hourly earnings. These include employees' contributions to social insurance funds, group health plans, and other welfare programs.

Labor costs per unit of product marketed rose an estimated 28 percent from 1947-49 to 1957, compared with an increase of 56 percent in average hourly earnings. 2/ By improving the productivity of labor, marketing firms have been able to keep unit labor costs from rising as much as hourly earnings. Marketing firms have increased productivity or output per manhour by large investments in new plant and equipment and by improving work methods, better training of employees, and more efficient scheduling of the flow of work. Business publications are reporting that in recent months productivity has increased appreciably in some industries as a result of investments in new equipment and recession-stimulated improvements in efficiency.

Labor costs of marketing firms made up about 46 percent of the bill for marketing farm-produced food products in 1957 compared with 47 percent in 1956 and the 1947-49 average of 45 percent. 3/ Labor costs were an even larger part of the bill for marketing textile products.

Labor costs probably will increase further in 1959. Wage agreements in several of the larger industries are to be negotiated next year. If the new agreements provide for higher wages, the pressure for wage boosts will rise in other industries, particularly if unemployment decreases as expected. Furthermore, technological change tends to increase the average level of wages. The substitution of machines for manual labor decreases the proportion of lower paid workers.

1/ Average hourly earnings are calculated by dividing the total payroll by the number of hours worked. Thus, changes in these averages reflect variations in the proportions of employees in higher-paid and lower-paid jobs and premium pay for overtime and late-shift work, as well as changes in wage rates.

2/ This percentage increase relates to earnings of all workers engaged in marketing food, including imputed earnings of active proprietors and unpaid family workers and workers engaged in the transportation of food products. For that reason this percentage increase differs slightly from the corresponding percentage gain in hourly earnings of food marketing employees shown in table 2.

3/ See "The Food Marketing Bill," The Marketing and Transportation Situation, July 1957.

Table 2.- Average hourly earnings of employees of firms marketing food, tobacco, and textile products, 1939 and 1947-58

Year and month	Food marketing 1/	Tobacco manufacturers 2/	Textile-mill products 2/	Apparel and other finished textile products 2/	Retail apparel and accessories stores 2/
	Dollars	Dollars	Dollars	Dollars	Dollars
1939	0.60	3/0.48	3/0.46	---	0.56
1947	1.13	.90	1.04	3/1.12	1.03
1948	1.22	.95	1.16	3/1.18	1.08
1949	1.28	.99	1.19	3/1.17	1.11
1950	1.34	1.07	1.24	3/1.20	1.12
1951	1.43	1.13	1.33	1.29	1.17
1952	1.51	1.17	1.36	1.30	1.22
1953	1.60	1.24	1.37	1.33	1.27
1954	1.66	1.30	1.36	1.35	1.31
1955	1.73	1.33	1.39	1.35	1.33
1956	1.81	1.45	1.45	1.45	1.37
1957	1.90	1.53	1.50	1.49	1.42
1957					
Jan.	1.87	1.49	1.50	1.49	1.41
Feb.	1.88	1.49	1.50	1.49	1.40
Mar.	1.88	1.53	1.50	1.50	1.38
Apr.	1.88	1.55	1.50	1.48	1.39
May	1.90	1.58	1.50	1.48	1.42
June	1.90	1.58	1.50	1.48	1.43
July	1.90	1.61	1.50	1.50	1.43
Aug.	1.89	1.48	1.50	1.50	1.41
Sept.	1.91	1.45	1.51	1.51	1.44
Oct.	1.92	1.46	1.51	1.49	1.45
Nov.	1.94	1.54	1.51	1.50	1.44
Dec.	1.94	1.54	1.50	1.50	1.43
1958					
Jan.	1.96	1.56	1.50	1.51	1.46
Feb.	1.97	1.56	1.50	1.50	1.44
Mar.	1.97	1.59	1.50	1.49	1.43
Apr.	1.97	1.65	1.50	1.50	1.46
May	1.98	1.66	1.50	1.50	1.47
June	1.98	1.67	1.51	1.50	1.47
July	1.98	1.66	1.50	1.50	1.46
Aug.	1.97	1.59	1.51	1.52	1.44

1/ Weighted composite earnings in food processing and wholesale and retail food trades calculated by the Agr. Market. Serv. from data of the U. S. Dept. of Labor.

2/ U. S. Dept. of Labor.

3/ Not strictly comparable with data for later years.

Transportation Charges 4/

Rail Rates

From the end of World War II through 1957 the Interstate Commerce Commission authorized the railroads to take 14 general freight rate increases. These resulted in a 79 percent increase in the combined freight rate index for selected agricultural commodities. (See pp. 41-42.) On February 15, 1958 the Commission permitted numerous selective rail freight rate increases to go into effect as a result of the petition of the railroads filed in Ex Parte 212. These increases were allowed pending a full-scale investigation of the situation. At the same time the Commission suspended part or all of other increases and newly proposed charges. The suspended proposals chiefly concerned charges for accessorial services, such as unloading. 5/ The Commission announced its decision on September 9, 1958. It found that, among the rates on agricultural commodities and related products, the following requests for increases were unjust and unreasonable; and, to the extent that they were so found, they were disallowed.

<u>Commodity</u>	<u>Modification of Railroads' Proposal</u>
Edible livestock	The proposed increase of 3 percent with a minimum increase of 5 cents per 100 pounds, was modified by eliminating the provision for a minimum.
Wool and mohair	The proposed increase of 5 cents per 100 pounds was disallowed in its entirety.
Shells (oyster, clam or mussel)	The proposed increase of 3 percent was modified by providing for a maximum of 12 cents increase per net ton.
Clay farm drain tile	The proposed increase of 5 cents per 100 pounds, or \$1.00 per ton, was changed to 2 cents per 100 pounds.

Among the special and accessorial charges which were suspended in February, pending investigation, the following were allowed in September, to the extent here stated:

<u>Item</u>	<u>Amount allowed</u>
Waterborne traffic (rail traffic to ports)	6 cents per 100 pounds added to linehaul rates on export, import, coastwise, and intercoastal freight moving through all United States ports, subject to certain limitations or restrictions. Increase will not apply on grain, soybeans, or flaxseed in bulk; coal or coke in bulk; 15 kinds of ore in bulk; coastwise traffic interchanged in railroad freight cars.

4/ Prepared by Celia Sperling, Transportation Economist, Transportation and Facilities Branch, Agr. Market. Ser.

5/ See the April 1958 issue of this Situation, pp. 14-17, for an analysis of the interim increases granted in Ex Parte 212.

<u>Item</u>	<u>Amount allowed</u>
	Increase will be added only to linehaul rates which apply to or from shipside. Increase will not apply on export and import traffic moving under domestic rates to or from Great Lakes ports.
Charges for loading and unloading perishables at New York and Philadelphia	
Loading or unloading only <u>6/</u>	\$2.86 per ton
Loading or unloading, plus sorting, checking, etc. <u>6/</u>	\$4.09 per ton
Switching charges	5 percent increase
New charges for diversion, reconsignment, and related services	\$4.00 for each of a variety of services
Increase in present charges for diversion and reconsignment	10 percent
Stopping for partial loading or unloading	10 percent
Free time at ports	Same as at present (a reduction in free time, before unloading, was proposed).

The Interstate Commerce Commission has estimated that rail rates and charges, as they stand since the September decision, will bring the railroads 2.3 percent more revenue than they were receiving immediately before the increase of last February. The increased revenue from agricultural commodities probably will be something less -- perhaps 2 percent -- if the increased rates do not divert potential tonnage to other forms of transportation and if further substantial rate reductions on selected commodities are not made to meet competition from other forms of transportation. On all traffic combined the net increase derived from the increases granted in September will amount to about \$12 million per year above the amount derived from the February increases, \$9 million of this accruing to the eastern railroads.

At the same time that the railroads have been getting these rate increases, they have been making selective rate reductions on certain commodities and proposing many others in an effort to recapture some of the traffic they have lost to other modes of transportation. Thus, within the last year, railroads have established incentive rates on vegetables from California and Arizona to the Midwest and the East. They have established schedules of rates which encourage heavier loading of cars. For example, the rate per 100 pounds is lower when

6/ Immediately before the present rate case (Ex Parte 212), there was no separate charge for this service.

the car is loaded to 30,000 or 40,000 pounds than when it is loaded to only 20,000 pounds. Furthermore, when the increases of February 1958 were adopted, they applied only to the use of a 20,000-pound minimum on the vegetable movements here discussed, and not to the use of the new, higher minimum with their incentive rates.

Last fall, "per car" rail rates were established to meet truck competition on Florida vegetables shipped to northern markets. This means that a shipper may pay an established flat rate for the use of a car to ship his vegetables and may then load the car as heavily as he chooses. The "per car" rate amounts to a lower charge per 100 pounds than had been applied previously.

Both of these devices are expected to lower the railroads' cost of operation per ton-mile as well as lowering the charges per ton-mile paid by the shipper.

A railroad which operates from the Lower Rio Grande Valley of Texas to St. Louis and Kansas City offers piggyback service (truck trailers on flat cars) for fresh produce at rates which compete with those of over-the-road trucks.

It can be expected, although it is too soon to measure such an effect, that some of the traffic which has left the railroads for other modes of transport, principally trucks, will return to the rails in those situations where the railroads are making a vigorous attempt to increase the attractiveness of their rates or their service.

Motor Carrier Rates

As is their custom, the regulated motor carriers have responded to the rail rate increase by filing new rate schedules with the ICC, taking increases first in some commodities, then in others. They have continued in their efforts to maintain their competitive position in relation to the other modes of transportation. It is safe to say that, except where the competitive situation makes it infeasible, they have taken advantage of the increase in rail rates to increase their own rates. If the unregulated carriers have done the same thing, such action was presumably limited very substantially where the railroads have adopted "incentive rates" and the like.

Rates of Other Carriers

The ICC-regulated barge lines have taken many of the same increases that have been granted to the railroads both in Ex Parte 206 (August 1957) and in Ex Parte 212.

The Interstate Commerce Commission has permitted the freight forwarders ^{7/} to take a 3 percent general increase in rates on all traffic except that moving to, from, or within points in California, Oregon, Washington, Idaho, Nevada, Utah, Arizona, and part of Montana.

In October 1958, the Commission authorized the Railway Express Agency to increase its rates on less-than-carload lots, by amounts up to 15 percent, but with important exceptions. Thus, there is no increase on fresh fruit from Florida, Texas, and the West. The Agency was not allowed any increases on carload lots of any commodity.

^{7/} Firms which consolidate shipments of freight, in order to make lower rates available to shippers of small lots.

Other Costs

Prices of containers and packaging materials, motortrucks, machinery and equipment, and many other commodities bought by marketing firms (not including raw materials) continued to rise in 1958, but increases generally were more moderate than in most recent years (table 3). Construction costs also went up. Prices of bituminous coal and some petroleum products were exceptions to this upward trend.

Rents paid by marketing firms perhaps have gone up this year. Insurance rates and State and local taxes have risen in many areas. Interest rates decreased in the first half of the year.

Table 3.--Costs of equipment and supplies bought by marketing firms, 1950-58
(1947-49 = 100)

Item	: 1951	: 1952	: 1953	: 1954	: 1955	: 1956	: 1957	: 1958
	:	:	:	:	:	:	:	: 1/
Fuel, power, and lighting:								
materials.....	106.7	106.6	109.5	108.1	107.9	111.2	117.2	112.5
Machinery and equipment..	123.5	122.6	125.3	128.2	134.0	147.5	157.6	160.1
Construction costs.....	115.4	119.1	121.8	121.6	124.6	130.7	136.8	138.0
Wax paper.....	122.8	124.4	118.0	117.9	124.1	135.1	137.6	137.0
Grocery bags.....	119.0	119.0	117.0	108.1	109.9	141.4	151.7	156.1
Container board (paper)...	117.8	115.6	117.2	119.9	119.9	123.7	125.0	125.0
Glass containers.....	121.8	125.0	134.4	141.1	142.9	150.4	158.9	167.8
Metal containers.....	121.1	122.0	127.3	130.6	132.9	141.6	151.2	155.0
Motortruck prices.....	113.1	116.2	115.0	113.8	118.0	127.2	134.0	139.2
Gasoline.....	114.9	114.6	120.4	114.8	114.6	118.0	123.6	115.1
Lubricating oils.....	102.4	99.2	83.7	71.1	73.2	87.4	97.6	92.4
Tires and tubes.....	133.9	129.8	127.2	130.6	144.9	152.3	150.9	152.1

1/ First 8 months.

Index published by the Bureau of Labor Statistics except index of construction costs which is published by the Department of Commerce.

Profits

Total profits of corporations manufacturing food products were larger in the first half of this year than in the same period of 1957, according to a joint report of the Federal Trade Commission and the Securities and Exchange Commission. But their profits, as percentages of sales or of stockholders' equity, were a little less than last year. Profits of corporations manufacturing tobacco products continued to rise in the first half of this year. Total profits and average profit ratios of textile manufacturers were down substantially from 1956 first-half levels. The data now available indicate that total profits of the leading retail food chains continued to advance in the first 6 months of this year.

Average profit ratios of leading food processing companies dropped in both 1956 and 1957, but the 1957 ratios remained higher than those in many other recent

Table 4.- Net profits (before and after taxes on income) as a percentage of stockholders' equity and as a percentage of sales, leading food and tobacco companies, average 1935-39 and 1947-49, annual 1950-57

Year	Profits as percentage of stockholders' equity ^{1/}							
	51		5		8		5	
	food processing:		wholesale food		retail food		tobacco	
	companies		distributors		chains		companies	
	Before	After	Before	After	Before	After	Before	After
	taxes	taxes	taxes	taxes	taxes	taxes	taxes	taxes
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Average:								
1935-39 ..	8.7	7.4	---	---	10.2	8.4	17.3	13.9
1947-49 ..	19.2	11.5	25.2	15.5	27.8	16.5	23.8	14.3
1950	20.9	11.5	17.2	10.0	26.7	14.0	25.8	13.5
1951	17.8	8.5	17.8	9.4	21.1	10.1	24.8	9.9
1952	17.3	8.1	11.5	5.4	22.5	10.0	23.0	9.5
1953	19.8	9.2	13.8	7.1	25.1	11.4	25.6	10.1
1954	18.3	8.8	13.8	7.5	23.3	11.3	23.1	10.6
1955	20.2	10.1	12.6	6.7	23.4	11.2	26.2	12.0
1956	19.9	10.2	15.0	7.6	27.5	13.1	26.2	12.1
1957	18.5	9.5	15.4	7.6	29.8	14.2	27.3	12.8
	Profits as percentage of sales							
	46		5		8		5	
	food processing:		wholesale food		retail food		tobacco	
	companies		distributors		chains		companies	
	Before	After	Before	After	Before	After	Before	After
	taxes	taxes	taxes	taxes	taxes	taxes	taxes	taxes
Average:								
1935-39 ..	3.7	3.0	---	---	1.8	1.5	11.3	9.1
1947-49 ..	3.8	2.3	2.7	1.7	2.3	1.4	8.2	4.9
1950	4.6	2.5	2.1	1.2	2.4	1.3	9.8	5.1
1951	3.5	1.7	2.1	1.1	1.9	.9	9.4	3.8
1952	3.4	1.6	1.6	.7	1.9	.8	8.2	3.4
1953	4.0	1.9	2.0	1.0	2.1	1.0	9.7	3.8
1954	3.8	1.8	1.9	1.0	2.0	1.0	9.4	4.3
1955	4.4	2.2	1.7	.9	2.1	1.0	10.8	4.9
1956	4.3	2.2	1.9	1.0	2.4	1.1	10.8	5.0
1957	4.0	2.1	1.8	.9	2.6	1.2	11.0	5.2

^{1/} Ratio of net profits to average of stockholders' equity at the beginning and end of the year. Stockholders' equity is excess of total balance sheet assets over liabilities.

Compiled from financial statements reported in Moody's Industrials.

years (table 4). As a percentage of sales, profits of five of the largest wholesales food distributors were a little lower in 1957 than in the previous year; but their 1957 profits (after taxes), as a percentage of stockholders' equity, averaged the same as in 1956. The eight leading retail food chains again increased their profits per dollar of sales. In 1957 their before-tax profits as a percentage of sales were higher than for any year since 1946, and their after-tax profits were the highest since 1950. As a percentage of stockholders' equity their 1957 profits before taxes were higher than in 1950 but after-tax profits were lower than in that year.

Profits of five leading tobacco manufacturers rose in 1957 (table 4) but those of textile manufacturing companies declined (table 5).

Table 5.--Net profits (before and after taxes on income) as percentages of stockholders' equity and sales, corporations manufacturing textile-mill products and apparel and finished textiles, annual 1951-57

Year	Profits as percentage of -							
	Stockholders' equity				Sales			
	Textile-mill products		Apparel and related products		Textile-mill products		Apparel and related products	
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1951.....	19.8	7.1	9.9	3.0	7.9	2.9	2.1	0.6
1952.....	9.7	3.6	10.9	4.5	4.2	1.6	2.4	1.0
1953.....	9.8	3.9	11.3	5.0	4.7	1.9	2.6	1.2
1954.....	5.2	1.5	10.0	4.5	2.7	.8	2.3	1.1
1955.....	10.9	4.8	12.8	6.0	5.1	2.2	2.8	1.3
1956.....	11.8	5.8	16.5	8.1	5.3	2.6	3.3	1.6
1957.....	9.0	4.2	13.2	6.3	4.1	1.9	2.7	1.3

Computed from data in the "Quarterly Financial Report for Manufacturing Corporations," 1952-57 issues, published by the Federal Trade Commission and Securities and Exchange Commission.

OUTLOOK FOR MARKETING SERVICES AND FACILITIES

Farmers marketed a 5-percent larger volume of products during the first 9 months of this year than in the same period last year, and the total for 1958 is expected to exceed the record of 1956. Marketings of crops have been larger this year than in 1956 or 1957, but those of livestock and livestock products have been smaller. Farmers' marketings are expected to continue large in 1959, as much of this year's record production of crops will be marketed next year. Farm output will continue high in 1959.

In the first 8 months of 1958, production of processed food products and tobacco was larger than in a like period of 1957, but output of textiles and apparel was about 5 percent smaller.

After declining during the latter part of 1957 and early this year, consumer incomes have been moving up in recent months. Further increases in consumer incomes are anticipated for next year and consumers' food expenditures also will increase. But consumers probably will spend a slightly smaller proportion of their income for food next year (See pp. 26-28.)

Firms manufacturing agricultural products have invested less in new plant and equipment in 1958 than in 1957. Investments by food and beverage manufacturers are expected to total about 737 million dollars this year compared with the record 850 million dollars in 1957. Investments by textile mill products manufacturers and by railroads are down sharply. Other transportation firms also reduced their investments. Retail food chains have continued to open new supermarkets but business publications report that many areas are becoming saturated with supermarkets.

Investment by food marketing firms is expected to remain high. The need for and availability of capital for investments designed to reduce unit costs and produce new products probably will induce a continued high level of expenditures for new plant and equipment. In addition, present indications point to much obsolescence in the food marketing industries. According to a recently published report by the McGraw-Hill Department of Economics, food and beverage marketing firms installed 58 percent of their business plant and equipment before December 1945 and only 23 percent since December 1950.

CONSUMER EXPENDITURES FOR FOOD 1/

:
: Consumers in recent years have increased their expenditures :
: for food, but they have spent a decreasing proportion of their :
: income for food. This relationship is shown by recent revisions :
: in income and expenditures estimates of the U. S. Department of :
: Commerce. This article describes estimates of expenditures for :
: farm foods developed by the Agricultural Marketing Service and :
: compares them with the Department of Commerce series of expendi- :
: tures for all food. It discusses the factors affecting expendi- :
: tures for food and the outlook for food expenditures. The farm- :
: retail marketing bill and the total marketing bill for farm food :
: products, estimated by the Agricultural Marketing Service, also :
: are considered. :
:

For more than 10 years the Agricultural Marketing Service and its predecessor, the Bureau of Agricultural Economics, have published estimates of the retail cost of farm foods sold to civilian consumers as a part of the "marketing-bill" statistics. 2/ This retail cost series measures consumer purchases in terms of retail food-store prices. Although highly useful this series has some obvious shortcomings. To improve this situation, the AMS has estimated the cost to consumers of farm foods in terms of prices at the level in the marketing system at which the food was actually purchased. This series, which has never before been published in this Situation, was, like the other series, developed for use in estimating the aggregate charges for marketing farm-produced foods and in analyses of changes in food consumption. The Department of Commerce publishes estimates of consumer expenditures for all foods, which it has developed in estimating the gross national product.

These three series are described in the first part of this article. The AMS estimates of the retail-store cost of farm foods bought by civilian consumers is referred to as the "retail-store cost of farm food series" or the "retail-store cost series," the AMS estimates of expenditures for foods bought by civilian consumers are designated as the "farm food expenditure series" and the Department of Commerce estimates of personal consumption expenditures for food are called the "food expenditure series" (table 6).

In the second part of this article we compare the two series of marketing-bill data that AMS derives from its estimates of the retail-store cost and civilian expenditures for farm food.

For many years per capita income and food expenditures data have been published periodically in this Situation. These per capita data have been derived from Department of Commerce data. Trends and recent revisions in these data are discussed in the third part of the article. Some consideration is also given to prospective trends.

1/ Prepared by Marguerite C. Burk, Agr. Econ. Div., and Forrest E. Scott, Market. Res. Div., Agr. Market. Serv.

2/ Generally published at least once a year in The Marketing and Transportation Situation.

Estimates of Value of Food Consumed

The Retail-Store Cost of Farm Foods

The AMS estimates of the retail-store cost of farm food (table 6) relate to domestic, farm-produced foods sold to civilian consumers in this country. ^{3/} This food is valued at retail food-store prices. Thus, foods consumed in restaurants and other eating places, though included, is valued at their cost in retail food stores and not by the prices paid for it in the form of meals. Food served in hospitals, schools, and other institutions also is valued at retail-store prices. This undervaluation is offset to some extent by valuing at retail prices foods bought from wholesalers, farmers, and other sellers at less than retail-store prices.

These estimates do not include expenditures for: (1) Foods not produced on farms, such as fish and other seafoods, (2) coffee, bananas, and other imported foods, (3) foods bought by the Government for the Armed Forces, and (4) foods produced for home use.

Farm Food Expenditure Series ^{4/}

The AMS estimates of expenditures for farm foods relate to the same quantities of foods as do the estimates of retail-store cost, described in the preceding section. In developing these estimates an addition is made to the retail-store cost for the extra cost of food consumed in restaurants and other eating places and a subtraction is made for food bought at less than retail-store prices. ^{5/} Thus, in making these estimates the aim is to value all domestic farm food bought by civilian consumers in terms of the prices these consumers actually paid and to measure consumer expenditures for these foods. These estimates do not measure the value of all farm food consumed, as this would include the value of military purchases and the imputed value of home-produced foods.

^{3/} For a description of the methods used in developing these estimates see pp. 48-50 in Farm-Retail Spreads for Food Products, U. S. Dept. Agr. Misc. Pub. 741, Nov. 1957.

^{4/} This series has also been called the "market value of farm foods sold."

^{5/} Estimates of the extra costs of food consumed in eating places were based on U. S. Department of Commerce data for on-premise sales of meals and beverages and the related series on food furnished civilian employees, as well as unpublished data on meals furnished institutional inmates and travelers. These additions include an allowance for sales taxes and tips. Adjustments were made for the value of alcoholic beverages and imported and nonfarm foods. The subtractions made for purchases at less than retail-store prices were estimated from Census data on direct sales by manufacturers and wholesalers and from U. S. Dept. of Agr. special surveys of farmers' sales to consumers.

Table 6.- Consumer expenditures for food, 1929-58

Year	Estimated by the Agricultural Marketing Service		Estimated by the Department of Commerce
	Retail-store cost of farm foods	Civilian expenditures for farm foods	Personal consumption expenditures for food
	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>
1929	17.1	16.9	19.5
1930	16.2	16.2	18.0
1931	13.1	13.3	14.7
1932	10.6	10.9	11.4
1933	10.9	10.9	10.9
1934	12.5	12.1	12.2
1935	12.9	12.6	13.6
1936	14.3	14.0	15.2
1937	14.2	14.1	16.4
1938	13.4	13.6	15.6
1939	13.4	13.8	15.7
1940	14.1	14.7	16.7
1941	16.3	17.0	19.4
1942	19.8	21.0	23.7
1943	22.3	23.8	27.8
1944	22.5	24.4	30.6
1945	24.4	26.8	34.1
1946	30.8	33.5	40.7
1947	36.5	39.2	45.8
1948	39.0	42.0	48.2
1949	37.9	41.0	46.4
1950	38.9	41.9	47.4
1951	43.0	46.6	53.4
1952	44.5	48.3	55.8
1953	44.6	48.4	56.6
1954	44.9	48.8	57.7
1955	46.2	50.4	59.2
1956	48.3	52.7	62.2
1957 <u>1</u> /	50.4	55.1	66.4

1/ Preliminary.

Department of Commerce Food Expenditure Series

In developing its estimates of consumers' expenditures for food, the Department of Commerce includes the expenditures for the farm-produced food included in the AMS farm food expenditure series, except those for the following: (1) Meals served patients in hospitals and persons living in institutions, (2) food distributed free by Government agencies, (3) meals served by airlines and other transportation agencies, for which no charge is made in addition to charges for transportation, (4) meals for which charges are included in camp fees, and (5) meals charged as business expense such as salesmen's meals and meals purchased by business firms for clients. The Department of Commerce includes the cost of food distributed by these means in accounts other than personal expenditures for food. For example, the cost of meals served to airline passengers is included in expenditures for transportation. The Department of Commerce food expenditure estimates, however, cover the following items not included in the AMS estimates. ^{6/}

1. Imported foods.
2. Seafoods and other foods not produced on farms.
3. Food consumed on farms where produced, valued at prices received by farmers.
4. Food furnished by the Government to members of the Armed Forces.
This food is valued at wholesale prices.

The Department of Commerce recently revised downward its estimates of food expenditures for 1948-57, as a result of a periodic incorporation of benchmark data, mainly from the Census of Manufactures for 1954. Beginning with a 2-percent reduction in the previous estimate for 1948, these revisions increased to 12 percent for 1957. Apparently sales of food by retail food stores have not risen as much as the Department of Commerce previously estimated. The overestimating appears to have stemmed mainly from use of retail food-store sales as the indicator of changes in purchases of food. During the last decade, sales of nonfood commodities in retail-food stores have increased faster than sales of food. As a consequence, retail store sales, which include sales of nonfood commodities, are no longer an accurate measure of food sales.

Comparison of Trends in the Three Series

The three series usually have varied in the same direction, but during the last 20 years both dollar and percentage differences among them have increased (table 6).

The Retail-Store Cost and Farm Food Expenditure Series

In 1938 the addition to the retail-store cost for the extra cost of food eaten away from home was nearly offset by the deduction made for food bought at less than retail-store prices. The estimate of farm food expenditures derived in this manner, therefore, scarcely exceeded the retail-store cost. Since 1938 the addition made for the extra costs of services for food eaten in restaurants and other eating places, which we call the "restaurant service cost," has increased

^{6/} The Department of Commerce published estimates of annual expenditures for food; estimates published quarterly are for food and alcoholic beverages combined. For a description of the method of estimation see U. S. Income and Output (1958 edition), a supplement to the Survey of Current Business, Office of Business Econ., U. S. Dept. of Commerce.

fivefold, while the deduction made for less than retail-store prices has declined. Thus, the restaurant service cost has accounted for the growing difference between the two series. Though both series increased between 1938 and 1945, the retail-store cost series did not go up as much as the expenditure series. As a result, the retail-store cost represented about 91 percent of expenditures in 1945, compared with about 99 percent in 1938. The retail-store cost series increased slightly during 1946-47 relative to the expenditure series, indicating a reversal in the trend established during the war period. But since 1947 the two series have maintained a relatively constant relationship to one another. In 1957, the retail cost series was 92 percent of the expenditure series.

Several factors appear responsible for the rise in farm food expenditures relative to retail-store costs of farm foods. Unit marketing costs possibly rose more rapidly during World War II for food marketed through eating places than for that marketed through retail stores, and restaurant costs possibly have continued to increase relatively. Further, the amount of food consumed in eating places probably has increased in proportion to the total consumption. The rapid increase in employment after 1938 brought more away-from-home eating but the return of servicemen after the war appears to have halted this trend temporarily. Since 1947, the proportion of food consumed away from home apparently has increased only slightly. Though many families eat out more often now, a larger proportion of our population lives in housekeeping households, so the proportion eating some of their meals at home probably has increased. The proportion living in institutions has decreased, and many people have moved from roominghouses to apartments.

The AMS Farm Food Expenditure and Commerce Food Expenditure Series

Civilian expenditures for farm foods in 1945 were about 79 percent of the Department of Commerce total for food expenditures compared with 88 percent in 1940. The large increase in the number of persons in the armed services during World War II accounted for much of this change in relationship. The Department of Commerce food expenditure series includes Government expenditures for food for the armed services, but the AMS farm food expenditure series does not. By 1949, the ratio between these two series had risen to more than 88 percent. But since 1950, the food expenditure series has risen faster than the farm food expenditure series, which by 1957 was 83 percent of the other series. Since 1950, expenditures for imported foods have increased faster than expenditures for farm foods but the imputed value of foods consumed on farms where produced has declined considerably. Both these items are included in the Commerce food expenditure series, but not in the AMS farm food expenditure estimates. Rising consumer incomes have enable people to buy more imported food in recent years. In addition prices of some imported foods, especially coffee, have gone up more than prices of domestic farm foods. The decrease in the number of persons living on farms and the decline in the unit value imputed to these foods accounted for the reduction in the value of home-produced food consumed on farms.

The Farm Food Marketing Bill

The Farm-Retail Marketing Bill

The AMS uses the retail food store cost series in deriving its estimates of the "farm-retail marketing bill" for farm foods (table 7). This marketing bill is the difference between the retail cost and the farm value, or payments received by farmers for the equivalent farm products. It is the total charge made by the marketing system for assembling, processing, transporting, wholesaling, and retailing the volume of domestic farm foods bought annually by civilian consumers. Since the retail-store cost estimates value this food in terms of retail-store prices, the marketing bill does not include the extra marketing costs of food eaten in restaurants and other eating places or any allowance for marketing charges saved by purchasing below the retail level. The AMS publishes estimates of the retail cost, the marketing bill, and the farm value for all domestic farm foods bought by civilian consumers and for five commodity groups. ^{7/} These estimates are commonly called the "marketing-bill statistics."

Marketing-bill statistics are sometimes confused with the market-basket statistics, published in each issue of this Situation. Marketing-bill statistics relate to the total quantity of farm foods purchased annually by all civilian consumers; whereas the market-basket statistics are for the average quantity of domestic farm foods bought per family by urban wage-earner and clerical-worker families in 1952. These families had an average of 3.3 members. The marketing-bill data reflect changes from year-to-year in quantities of the various groups of farm products marketed; but the market-basket data do not, as they are for an unvarying quantity of food.

The Total Marketing Bill for Farm Food Products

As part of its research on the demand for food and the costs of marketing food, the AMS developed the series measuring civilian expenditures for farm foods, from which it derived a more inclusive marketing bill (table 7). The difference between this second marketing bill and the farm-retail marketing bill is explained by the differences, described above, between the retail-cost and the farm food expenditure series. Since the estimates of the expenditures for farm foods bought by civilian consumers take into account the restaurant service cost and purchases at less than retail prices, these "total marketing-bill" data are estimates of the total charges for marketing farm foods in the channels through which they actually flow. The same estimates of the farm value of equivalent farm products are used to derive the farm-retail marketing bill and the total marketing bill. Consequently, the dollar difference between these two marketing bills for any year is equal to the difference between the retail-cost and farm food expenditures estimates.

The restaurant service cost for individual product groups cannot be estimated accurately because of lack of data on flow of individual foods through eating places. Hence the expenditures and the marketing bill for individual product groups cannot be estimated. For that reason the AMS publishes the retail store cost and farm-retail marketing bill for individual product groups and for the total civilian purchases of farm foods.

^{7/} See the July 1958 issue of this Situation. Estimates of the cost components of the marketing bill -- labor cost, transportation charges, corporate profits, and other costs and profits -- also were published in the same issue.

Table 7.- The bill for marketing domestic farm food products bought by civilian consumers, 1929-58 ^{1/}

Year	Retail- store cost of farm foods	Farm value	Farm-retail marketing bill ^{2/}	Civilian expendi- tures for farm foods	Farm value	Total marketing bill ^{2/}
	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>	<u>Billion dollars</u>
1929 ..	3/17.1	7.2	10.0	16.9	7.2	9.7
1930 ..	3/16.2	6.3	9.8	16.2	6.3	9.9
1931 ..	13.1	4.7	8.4	13.3	4.7	8.6
1932 ..	10.6	3.4	7.2	10.9	3.4	7.5
1933 ..	10.9	3.6	7.3	10.9	3.6	7.3
1934 ..	12.5	4.3	7.9	12.1	4.3	7.5
1935 ..	12.9	5.0	7.6	12.6	5.0	7.3
1936 ..	14.3	5.8	8.5	14.0	5.8	8.2
1937 ..	14.2	6.0	8.2	14.1	6.0	8.1
1938 ..	13.4	5.2	8.2	13.6	5.2	8.4
1939 ..	13.4	5.2	8.2	13.8	5.2	8.6
1940 ..	14.1	5.6	8.5	14.7	5.6	9.1
1941 ..	16.3	7.1	9.2	17.0	7.1	9.9
1942 ..	19.8	9.3	10.5	21.0	9.3	11.7
1943 ..	22.3	11.4	11.1	23.8	11.4	12.6
1944 ..	22.5	11.6	11.4	24.4	11.6	13.3
1945 ..	24.4	12.6	12.5	26.8	12.6	14.9
1946 ..	30.8	15.7	15.6	33.5	15.7	18.3
1947 ..	36.5	18.7	17.8	39.2	18.7	20.5
1948 ..	39.0	19.2	19.8	42.0	19.2	22.8
1949 ..	37.9	17.1	20.8	41.0	17.1	23.9
1950 ..	38.9	17.7	21.2	41.9	17.7	24.2
1951 ..	43.0	20.2	22.8	46.6	20.2	26.4
1952 ..	44.5	20.1	24.4	48.3	20.1	28.2
1953 ..	44.6	19.0	25.6	48.4	19.0	29.4
1954 ..	44.9	18.3	26.6	48.8	18.3	30.5
1955 ..	46.2	18.3	27.9	50.4	18.3	32.1
1956 ..	48.3	18.7	29.6	52.7	18.7	34.0
1957 ^{4/}	50.4	19.5	30.9	55.1	19.5	35.6

^{1/} See text for description of data.

^{2/} Difference between retail-store cost (or civilian expenditures) and farm value, except that Federal processor taxes have been deducted for 1933-35 and allowances for Federal Government payments to processors have been added for 1943-46.

^{3/} The sum of the farm value and farm-retail marketing bill slightly exceeds the retail-store cost because of rounding.

^{4/} Preliminary.

Per Capita Expenditures for Food and Per Capita Incomes

A table showing disposable income and food expenditures per person has been published periodically in this Situation (table 8). These per capita data, which are calculated from aggregate income and expenditures estimated by the Department of Commerce, have been revised since the table was published in the April 1958 issue. The revisions in the Department of Commerce estimates of food expenditures were noted above. The estimates of personal disposable income for the postwar years have also been revised. These revisions raised the per capita income estimates slightly but decreased food expenditures considerably. The revised per capita income figure for 1957 of \$1,782 compares with the previous estimate of \$1,756; the revised food expenditure figure of \$388 compares with the earlier estimate of \$440.

Factors Affecting Per Capita Expenditures for Food

The revised per capita expenditures for food rose 18 percent from 1948 to 1957, compared with a rise of 31 percent in the unrevised data.

Advancing prices accounted for more than half this increase. The figures in the next to last column of table 8 show the cost at current prices of a fixed quantity of food of constant quality and, therefore, variations in these figures reflect only changes in price. During this period the cost of this fixed quantity of food rose by 9 percent, ^{8/} and prices of nonfood consumer goods and services went up 20 percent. The greater increases in per capita food expenditures (table 8 column 3) than in the cost of a fixed quantity of food indicates that factors other than price influenced per capita expenditures.

Per capita food consumption, as measured by the AMS index, increased 3 percent from 1948 to 1957. This increase reflects an expansion in quantity and a substitution of more expensive for less expensive foods. ^{9/} Gains were particularly large for beef and poultry. Purchasing of more foods and more expensive foods by consumers caused 15 to 20 percent of the rise in per capita food expenditures.

During this 10-year period many consumers substituted purchased food for home-produced food. Both farm and nonfarm families produced less of their own food in 1957 than in 1948. The decrease in the farm population by about one-fifth from 1948 to 1957 accounted for much of the decrease in home-produced food. The Department of Commerce includes in its estimates the value of home-produced foods consumed on farms. But these foods are valued in terms of farm prices, so substitution of purchased foods valued at higher prices increases food expenditures. It is estimated that this substitution accounted for 5 to 10 percent of the increase in per capita food expenditures.

^{8/} One of the three indexes used in calculating this current cost is for prices received by farmers for food products which they might consume in their own households. Unlike the other two indexes, this index declined by about a fifth during this period. For a description of the method followed in calculating this current cost see footnote 2 of table 8.

^{9/} The AMS index of per capita food consumption is computed by multiplying quantity data for individual food products by constant retail prices. Thus, substitution of any food for a less expensive food causes an increase in the index though the physical quantity of food consumed may not change.

Table 8.- Per capita food cost and expenditure related to disposable personal income, United States, average 1935-39, annual 1946-58 ^{1/}

Year and quarter	Dispos- able personal income <u>2/</u>	Total expendi- ture for consumer goods and services <u>2/</u>	Food expenditure		Cost to consumer of fixed quantities of food representing 1935-39 average annual consumption per person ^{3/}		
			Actual <u>2/</u>	Percentage of -	Total expendi- ture for consumer goods and services	Actual	Percentage of dispos- able income
	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Percent
1935-39 av.:	514	493	118.6	23.1	24.0	118.6	23.1
1946	1,136	1,040	288	25.4	27.7	201	17.7
1947	1,180	1,148	318	26.9	27.7	244	20.7
1948	1,291	1,216	328	25.4	27.0	256	19.8
1949	1,271	1,214	311	24.5	25.6	243	19.1
1950	1,369	1,286	313	22.9	24.3	245	17.9
1951	1,474	1,359	346	23.5	25.5	274	18.6
1952	1,521	1,400	356	23.4	25.4	279	18.3
1953	1,582	1,457	355	22.4	24.4	272	17.2
1954	1,582	1,466	355	22.4	24.2	272	17.2
1955	1,660	1,554	358	21.6	23.0	266	16.0
1956	1,727	1,602	370	21.4	23.1	269	15.6
1957	1,782	1,661	388	21.8	23.4	278	15.6
Annual rates, seasonally adjusted							
<u>1957</u>							
1st quarter:	1,763	1,644	<u>4/</u> 380	21.6	23.1	273	15.5
2nd quarter:	1,789	1,653	<u>4/</u> 387	21.6	23.4	277	15.5
3rd quarter:	1,799	1,680	<u>4/</u> 395	22.0	23.5	282	15.7
4th quarter:	1,780	1,666	<u>4/</u> 389	21.9	23.3	279	15.7
<u>1958</u>							
1st quarter:	1,762	1,653	<u>4/</u> 393	22.3	23.8	287	16.3
2nd quarter:	1,770	1,660	<u>4/</u> 398	22.5	24.0	292	16.5
3rd quarter:	<u>5/</u> 1,800	<u>5/</u> 1,673	---	---	---	---	---

^{1/} Most data for 1946-57 have been revised; see August 1954 issue of this Situation (MPS-114) for 1929-45 data.

^{2/} Computed from data of the Dept. of Commerce.

^{3/} Cost to consumers of quantities of food representing average annual consumption per person during 1935-39; calculated by applying to the actual 1935-39 expenditure for food (\$118.60) a consumer food price index which is a weighted average of indexes representing (a) retail food prices in urban areas (Bur. Labor Statistics), (b) retail food prices in rural areas (Agr. Market. Serv.), and (c) prices received by producers applied to foods consumed on farms where produced.

^{4/} Quarterly data are estimates by the Agr. Market. Serv. from expenditures for food and alcoholic beverages reported by the Dept. of Commerce. Alcoholic beverages are not included in food expenditures.

^{5/} Preliminary; estimates by Council of Economic Advisers.

Consumers probably ate a slightly larger proportion of their meals in restaurants and other eating places in 1957 than they had 10 years earlier. Since these meals cost more than food prepared at home, the increase in eating away from home may have contributed as much as 5 percent to the growth in per capita expenditures for food.

Substitution of convenience foods for foods embodying less processing or other marketing services apparently accounted for only a minor part of the rise in per capita food expenditures. Many of these foods cost no more than the foods which they replace, and some cost less. This substitution has not been reflected in the data in the next to last column of table 8, which are for a fixed quantity of food of unvarying quality and type.

Proportion of Income Spent for Food

Consumers' disposable money income per person rose about 38 percent from 1948 to 1957, and their real income per person climbed 18 percent. During the same period the proportion of money income spent for food declined from about 25 percent to 22 percent. ^{10/}

This decrease in the proportion spent for food is consistent with the findings of many studies of consumer expenditure patterns. As their real incomes rise, consumers tend to spend a smaller proportion on food. After consumers have satisfied their basic food needs, they are likely to spend additional increases in income mainly on other goods and services. They may spend more for food by buying better quality food and more marketing services but increases for these purposes are not likely to be as great as increased spending for other goods and services.

The Outlook for Food Expenditures

Rising unit marketing costs may well be the major factor boosting per capita food expenditures in the next few years. There are few, if any, signs at present of a reversal in the 20-year upward trend in these costs. Rising wages and other costs probably will continue to exert upward pressure on unit marketing charges.

Further increases in the volume of services per unit of product marketed are likely to provide still more upward pressure. And additional reductions in the use of home-produced food, arising from net off-farm movements in the population and less interest in home gardens, will increase the volume of food products moving through the marketing system. Continued geographical specialization in production may call for more transportation services. Rising incomes and further growth in the proportion of women working outside the home will strengthen the demand for convenience foods. Additional improvements in the productivity of agriculture are likely to hold down increases in per capita food expenditures by moderating rises in farm prices of food products.

As a result of these and other factors, consumers are likely to spend more for food per capita, but these expenditures may take a smaller proportion of their income.

^{10/} According to the previous estimates of incomes and expenditures, the proportion spent for food stayed close to 25 percent during this period.

INTEGRATION IN THE LIVESTOCK INDUSTRY 1/

The increasingly rapid pace of technological advance in recent decades has stepped up the adjustments required on farms and in the market places. One important type of adjustment, aimed at better coordinating the functions of farms and of industries related to agriculture, has come to be called vertical integration or contract farming. Vertical integration in farming is usually considered to be the sharing by farmers of some managerial decisions and risks involved in production and marketing with one or more related businesses, such as the supplier, processor, or distributor. Some of these farmer-businessman arrangements may be connections which are only slightly more binding than the conventional market relationships. Others may involve the complete ownership and operation of the farm by the related business activity. Vertical integration in agriculture usually lies somewhere between these limits.

Vertical integration is not new in agriculture. For generations, some processors of canning crops such as corn, peas, beans, tomatoes, and other commodities have attempted to reduce the risks of variation in supply by making contractual arrangements with nearby farmers.

The most dramatic example in recent decades is vertical integration in broiler production. About 95 percent of the commercial broilers are produced on some type of integrated basis. In most areas the feed dealer is a major integrator. Processing plants also have done some contracting with broiler producers. In these arrangements, the contractor usually furnishes chicks, feed, medicine, vaccine, fuel, and litter while the grower usually furnishes the broiler house, equipment, and labor to raise the flock. Title to the chickens ordinarily remains with the contracting firm. The contractor customarily pays the grower a flat amount per bird or per pound sold. Some contracts call for sharing of the profits (if any) or provide for bonuses for efficient feed conversion.

In integrating the production and marketing of fruits and vegetables, marketing firms and producers use a great variety of schemes. Cooperatives are often involved. Integrators may specify dates of planting, varieties, and cultural and spraying practices. They sometimes provide fertilizers, insecticides, and spraying services and skilled labor crews to harvest and pack the crop to reduce the danger of damage and decay.

Advancing technology has provided pressures for increasing the size of the farm business, for acquiring more capital, for greater managerial ability, and for obtaining technical assistance in management. It has also brought about more standardization of our agricultural products, more rigid costs structures, and -- some would say -- the tendency for production to outrun supply, and encouragement of excess production when prices are low. Vertical integration, in turn, has hastened the adoption of technological innovations and has often been the stimulant for their development.

1/ Prepared by Gerald Engelman, Market. Res. Div., Agr. Market. Serv.

Recent Developments in the Livestock Industry

Although integration is not new in agriculture, it is new for most livestock farmers. Livestock producers have generally prided themselves on their independence. Most of them have had production loans for the feeding of cattle or for the building up of livestock herds, but this was usually thought to be a temporary device which was to be abandoned as soon as they achieved their financial independence and could make management decisions without restraints.

Beef Cattle

The most significant development in cattle feeding since World War II has been the growth of the large commercialized feedlots, sometimes called beef factories, which may feed from 1,000 to 30,000 or more head of cattle annually. These feedlots are in continuous operation. In the larger feedlots some cattle are moved in and others are moved out every week of the year. About one-third of the fed cattle in the country come from feedlots in the 11 Western States. Probably more than 90 percent of these are from commercial feedlots feeding more than 100 head.

The rapid expansion of population and the growing preferences for fed beef in the West, particularly in the Pacific Coast States, provided the triggering mechanism for this western development. Farmer-feeders in the West were not able to increase their production of beef cattle of the desired quality enough to meet the new demand. Surplus feeds raised on an individual farm were too limited for production of adequate numbers of highly finished beef. An operator of a large feedlot, however, is capable of mobilizing the feed resources of a large area. This perhaps has been the chief reason for the development of commercial feedlots in the West. This also may explain why this development has not spread rapidly in the Corn Belt where farms generally raise their own supply of grain concentrates and roughages.

In the early western feedlots many crop residues, such as dried sugar-beet pulp, almond meal, dried prunes, orange pulp, cotton hulls, cottonseed meal, and miscellaneous fruit and vegetable byproducts were fed to the cattle. With the continued growth of commercial feeding, it has become necessary for many, if not most, of the feedlots to adopt a complete formula ration containing grain concentrate, supplement, and roughage, generally mixed and ground on the premises of the commercial feedlot. Nevertheless, it does not appear that the grains fed, mainly barley and grain sorghums, are usually those available within the western region. Relatively small quantities of corn have been shipped from the Middle West to the west coast, though shipments to commercial feedlots in Colorado are larger.

The large commercial feedlot development in the West is not typical of vertical integration or contract farming in other agricultural enterprises. Nevertheless, it has made integrated or contract arrangements easier. These arrangements take the form of custom (contract) feeding. Since vertical integration may be either forward by ranchers maintaining ownership through the feeding period or backward by packers and chain stores assuming production functions, arrangements vary considerably. Some contracts are written; others are only verbal. Rates paid feedlot operators often include a daily per head handling charge, the actual cost of ingredient feeds, and perhaps an allowance for costs of milling feeds.

Probably less than half the cattle fed in western commercial feedlots are fed under custom arrangements. Packers, however, have been feeding some cattle for several decades. Several chain store companies entered the cattle feeding business during World War II when meat supplies were scarce. Custom feeding arrangements appear to be well suited to both packers and chain store companies. Nevertheless, packer and chain store custom feeding still appears to be an extremely small part of the total supply of fed cattle killed in the United States during any given year. Some chain stores have already dropped out of the beef feeding business. Packers, like many farmers, appear to be "in and outers" depending on profit prospects in feeding. Narrow operating margins in dressed beef slaughtering would appear to preclude any extensive risk bearing by packers in feeding enterprises.

Although both the commercial feedlots, or "beef factories," and the custom feeding arrangements appear to be more characteristic of the West than of the Corn Belt, some large commercial feedlots are located in the Missouri River area. Some contract feeding of cattle is carried on in the Corn Belt. Most of these contracts, however, appear to be production credit arrangements for feeding commercial protein supplements manufactured by particular firms.

Hogs

Potential integration in the swine industry has stimulated most attention given to integration during the last year. Some people have predicted that the swine industry will follow the pattern of the broiler industry in moving to the South and East. Some have estimated the South will be self-sufficient in pork production in a few years and eventually might account for the major portion of the Nation's pork production.

Accurate estimates of the number of hogs raised under some form of contract are not now available, but the "informed guesses" range from 2 to 5 percent. A much more significant development since World War II has been the increasing number of large-scale specialized hog producers who sell 500 to 1,000 or more hogs per year. Unfortunately, adequate statistics are not available to measure the importance of this development in terms of total hog production. Available data indicate that in 1940 about 2 percent of the farms having hogs had 20 or more spring farrowings. ^{2/} By the spring of 1954, about 7 percent reported 20 or more farrowings. This comparison, however, masks the importance of the farms with 50 or more sows farrowing twice a year.

Two general types of contracts have been offered to farmers during the last year -- the feeder-pig contract, which resembles the broiler contract, and the sow-and-pig contract. In the feeder-pig contract the integrator, who is often a feed dealer, supplies the pigs, the feed, specialized management, veterinary expenses, and takes the hogs when they are ready for market. This type

^{2/} "Selected Data on Size of Hog Operations on Farms in the United States", The Livestock and Meat Situation, by Victor B. Phillips and Raymond O. Gaarder, Agr. Market. Serv., Sept. 1958.

of contract has been offered in the South and in the Middle Atlantic States. The sow-and-pig contract provides for leasing bred sows to farmers. These contracts vary greatly in the amount of management control exercised by the integrators. Sometimes special strains of meat-type hogs are supplied. Some contracts require growers to adopt the multiple farrowing system and to use the feed company's feed supplements, housing, and equipment as specified, though the farmer makes his own arrangements for production credit. One feed company has a sow-and-pig contract that provides for a 50-cent per 100 pounds bonus for number-1 hogs. The number-2 and -3 hogs are sold at the local market price.

Factors Encouraging Integration

One factor which might tend to encourage vertical integration in the livestock industry is the role of specialized management in the production process. Advances in research on the production side have made livestock production more of a science and less of an art. Nutrition research has developed separate specialized swine rations for gilts during the pregestation, breeding, gestation, and farrowing periods, for the little pigs during four separate periods within the lactation period, and for two separate periods during growing and finishing. Obviously, if such a system is to be adopted, planning becomes a critical management function which lends itself quite well to centralization and specialization.

Another factor is the gearing of the production process so that a specific form and quality can be supplied according to a predetermined time schedule. This has resulted from specification buying. Most chain stores probably would like to have about the same quality and quantity of beef every week during the year except when they offer beef as a weekend special. However, most calves still are born in the spring and most cattle still are marketed in the fall. Seasonality of production tends to complicate integration problems.

The problem of seasonal production is even more acute in pork. Here it is associated with wider processing margins during the period of ample supplies and extremely narrow margins during periods of scarce supply. Meatpackers attempt to even out the flow of pork products by their storage operations. The readiness of many packers to relinquish this responsibility accounts for the great interest among packers in multiple farrowing schemes for hogs, even though these are only gradually being adopted by farmers.

Other factors contributing to integration in livestock production are the forces which tend to move feed grains off farms where they were raised. Price supports which involve the sealing and eventual removal of feed grains from farms may be such a factor. When feed grains are accumulated off the farms in the hands of feed manufacturers or dealers, the production of complete formula feeds is encouraged and the manufacturers or dealers begin seeking means of insuring sales of their products. Thus, integration is encouraged.

The growing commercialization of agriculture, the higher working capital required, and the drive toward larger farms also tend to promote the integration in the livestock industry. As agriculture becomes more commercialized farmers on diversified farms face an increasing need for operating capital. In addition, farm land sells at such high prices that considerable investment capital is required of beginning farmers and those attempting to increase the size of their farms. These factors cause farmers, particularly new or diversified farmers, to seek means of acquiring capital in order to specialize or enlarge the size of their farms. One way of doing this is through integration which also helps the farmer shift some of the risk to marketing firms. The leasing of farms is another means of increasing farm size with limited capital, but leasing arrangements are more simply and more conveniently managed on a feed grain production basis than when livestock are involved. Consequently, in seeking capital, farmers interested in livestock are more likely to consider integrating arrangements than leasing additional land.

To examine the possible advantages of integration in cattle production and to see where integration achieves its greatest economies, it seems appropriate to divide the production and marketing phases into several steps or groups. Cattle feeding may be divided into three phases -- the procurement of feeder cattle, the feeding or fattening of cattle, and finally marketing. On the procurement side, the large-scale buyer can learn much more about the availability of particular kinds of cattle in various areas and communities than can the diversified farmer-feeder. There appears to be a trend toward contracting sales of feeder calves, particularly those from the so-called reputation herds. Before some of these calves are born they have been contracted for delivery at a certain date in the fall.

During the feeding period, the critical problem seems to be the relative efficiency of feed conversion and labor inputs. Although little is known about the relative efficiency of feed conversion, it does appear that farmer-feeders in the Corn Belt have adopted advances in nutrition about as rapidly as they are made available. Labor-saving equipment and the efficient management of labor inputs have had a place in making the larger commercial feedlot possible and profitable. These feedlots have been able to compete with Corn Belt feeders who do not make a very high charge for their own labor inputs in feeding cattle.

On the marketing side, the large operator probably has some additional advantages. He is likely to be more skilled at judging when his cattle are ready for sale. The increased importance of specification buying and the increased reliance on Government grades has made this all important. The 600-pound Choice carcasses may be desired in great quantities nearly every week. The large-scale operator who buys and sells regularly can more easily tell just when his cattle have reached desired grade and weight than the small operator. Large-scale, integrated operators usually deal directly with the packer, often on a grade and yield basis, instead of the established markets, terminals, and auctions. These opportunities are not as available to the smaller producer, who may deal with a packer once or twice a year and have less confidence in his own ability to bargain with the packers.

Outlook for Integration

In discussing the potentialities for swine integration, it is worthwhile to attempt some parallels between swine production and broiler production. The process of gestation, birth, and raising of a pig to weaning age is more complicated than hatching a baby chick. First, it takes considerably longer than 21 days required for chickens to hatch. Also the farmer has a much greater investment in a newborn pig than in a newly hatched chick and he has an even greater relative investment in the pig when it is weaned. The first 6 to 8 weeks of a pig's life, the lactation period, is a period of numerous stresses. In terms of individual care required, pigs are more comparable at weaning age to baby chicks than at any other age. It requires a good deal more individual care by a skilled husbandman to bring little pigs through the gestation and lactation periods up to the age when they can be handled in a rather large-scale unit. The process does not lend itself nearly as well to standardized practices prescribed by contractual arrangements.

Pig hatcheries were tried about 10 years ago in Iowa, Wisconsin, and Minnesota but various diseases and parasites limited the development. Some scientific "break throughs" are still needed. But if pig hatcheries ever become truly successful, they will unquestionably provide a tremendous boost to swine integration. The supply of feeder pigs is an important limiting factor to the development of the feeder-pig contract. Integrators who hope to move into this area will probably have to develop a supply of their own.

Another factor which might encourage integration is the need for the development of the meat-type hog. With an integration program, blood lines and management practices might be more effectively controlled, thereby yielding a higher proportion of grade-1 hogs.

Genetic standardization might be more difficult to achieve for hogs than for poultry. Only a relatively small proportion of the swine breeding stock of this country is tested as to its meat-type performance. Perhaps at a later date a substantial portion will be tested. Nevertheless, the higher progeny rate per bird in poultry has permitted much more rapid progress towards genetic standardization than is likely to happen in hogs.

In most of the sow-and-pig contracts in the Corn Belt the feed manufacturer supplies only the protein supplement feed and the farmer feeds his own corn. Price guarantees usually are not included in these contracts. One problem in developing more meat-type hogs from this kind of contract is that of insulating the farmer from the wide cyclical variations in corn-hog price ratios.

Effects of increased integration on shifts in the location of hog production cannot be accurately forecast. Present indications suggest that these shifts will not be as dramatic as those in the broiler industry. There is reason to believe that hog production will not simply seek out the area of lowest cost labor as the broiler industry did. Before World War II, the poultry industry on many Midwest farms was simply a side line enterprise, whereas the swine industry was and is a major enterprise.

Diversification in farming still has some advantages over specialization. Since the income of a diversified farm operator is affected less by price and production changes in a single enterprise, he is better able to weather an

unfavorable year for that enterprise than a specialized operator. In addition, his out-of-pocket costs usually are lower.

Another factor to be considered is that broilers appear to be about twice as efficient as either hogs or beef cattle in converting feed to pounds of protein. The higher progeny rate in poultry has enabled the broiler industry to make greater progress in breeding for efficiency of feed conversion. The net effect is that feed will travel to broilers more readily and farther than to pigs or beef cattle.

Another limiting factor to locational shifts in swine production is the fact that the demand for pork appears to be inelastic. This means that large changes in pork prices result in relatively little change in consumption. Moreover, for the last decade or so the demand for pork has been declining. Thus, consumers today would buy less pork than previously even if relative prices of pork had remained unchanged. Integrated broiler production, on the other hand, has been essentially a new industry wherever it has appeared in the South and North Atlantic States. Rapidly expanding technology permits the production of more broilers at lower costs per pound. One result is that the average per capita consumption of poultry meat expanded from about 15 pounds per capita in the 1930's to about 30 pounds in recent years. The broiler industry has accounted for most of this increase. Turkey consumption has also increased but the consumption of stewing hens and other chickens has decreased. There is little likelihood that pork consumption could be expanded by more than a small percentage of the rather dramatic growth in poultry consumption.

This does not mean that hog production will not increase in the South and in other areas outside the Corn Belt. But the expansion that does take place will be limited by the potential availability of feed grains. Swine production as a major enterprise will not move from the Midwest to the South and East as readily nor as completely as did broiler production. Moreover, corn is less likely to be shipped from Iowa to Georgia to raise pork to ship back to Iowa chain stores, as is being done in the case of broilers.

Nevertheless, more integration in livestock production can be expected. This seems to be the inevitable aftermath of technological progress and technological advances that are certain to come. Integration contracts will definitely appeal to the beginning farmer lacking adequate financial reserves. Expanded hog production can also be expected outside the Corn Belt through integration, but this growth will be based largely on the feed production potential in the South. It appears doubtful, however, that livestock integration will move either as fast or as far as broiler integration. Nor does it appear that the location of livestock production will shift as dramatically.

The commercial feedlot development in the West seems to be rather firmly situated. It survived drastic cyclical price declines in 1954. It may be expected to expand with the growth in population in the west coast States. The amount of custom feeding, especially by chain stores and meat packers, probably will fluctuate considerably from year to year. Commercial feedlots are not expected to supplant farmer-feeders in the Corn Belt during the next decade or so. Nevertheless, some growth in the proportion of cattle fed in large feedlots is not unlikely.

THE TRANSPORTATION ACT OF 1958 1/

On August 12, 1958, the President signed Public Law 85-625, the Transportation Act of 1958, consisting of amendments to the Interstate Commerce Act. The new law contains several provisions intended to benefit the railroads. 2/ It is of interest to those concerned with the transportation of agricultural commodities because its provisions affect both the charges for transportation and the service rendered. Some of the provisions make for improved service and lower rates. Others may have the opposite effect as an incidental consequence of the help provided to some parts of the transport industry.

Loan Guaranties

The new law empowers the Interstate Commerce Commission to guarantee loans for railroads to finance additions and betterments or other capital expenditures, or to finance expenditures for maintenance of property. The intent is to help railroads improve their service by modernizing their facilities, where these are outmoded, and putting their facilities into good operating condition. Such changes would help the railroads and the shippers. The financial guaranty is to be made only if (a) the Commission finds that, without such backing, the railroad would be unable to obtain these funds on reasonable terms; (b) the loan is repayable within 15 years; and (c) the Commission finds that the prospective earning power of the railroad, plus the security pledged, furnish reasonable assurance of the applicant's ability to repay the loan within the specified time.

The law provides further that, if the loan is for the purpose of meeting maintenance costs, the railroad may not declare a dividend on its common or preferred stock during the life of the loan.

The aggregate amount of the loans which may be guaranteed is limited to \$500 million and the Commission's power to guarantee such loans expires March 31, 1961.

Discontinuance or Change of Services

The ICC has long had jurisdiction over the complete abandonment of any rail line belonging to a railroad engaged in interstate transportation. This is true irrespective of whether the particular stretch of track crosses a State line. The Transportation Act of 1958 brought a new area of regulation under ICC jurisdiction -- the regulation of discontinuance of, or changes in, service (short of abandonment) in both interstate and intrastate commerce. This refers to such a change as ceasing to provide passenger service and providing only freight service. Control over such changes had previously been entirely within the province of the State governments, even as regards interstate transportation service.

1/ Prepared by Celia Sperling and Clem C. Limenberg, Jr., Transportation Economists, Transportation and Facilities Branch, Agr. Market. Serv.

2/ A more sweeping set of proposals for changes in transportation policy was made in 1955 but, for the most part, has not been enacted. See The Marketing and Transportation Situation, July 1955, "Proposals for Basic Change in Transport Policy," an analysis by Clem C. Linnenberg, Jr., pp. 17-29.

Section 5 of the new law amends the Interstate Commerce Act by adding Section 13a, allowing railroads to discontinue or change train or ferry operations in interstate or intrastate service without regard to State statutes, State constitutions, or rulings of State regulatory bodies. This is of particular importance to shippers of freight, including agricultural products, because it will enable the railroads to discontinue unprofitable passenger services, the deficits from which have had to be offset by higher charges for freight service. Here again the new law probably will help both shippers and railroads. In 1956, the railroads' deficit on passenger operations amounted to \$700 million -- an average subsidy of 2-1/2 cents per passenger mile, provided by freight shippers. In many instances, a railroad has wanted to discontinue a passenger train on which it was losing money, but a State government has forbidden it to do so.

Hereafter, to discontinue or change interstate service the railroad must give the ICC 30 days' notice of its intention. If the Commission does not disapprove, the change becomes effective at the end of the notice period. Within this period, the Commission may, upon complaint or on its own initiative, begin an investigation of the proposed discontinuance or change. It may require the operation or service to be continued pending a decision, but for no longer than 4 months beyond the original notice period. If the Commission decides against the discontinuance or change, the railroad must continue the service for 1 year. The same procedure must be repeated at the end of the year if, at that time, the railroad still desires to discontinue the service.

In order to grant a discontinuance or change in intrastate service, the ICC must hold a full-scale hearing and find that (1) the change is consistent with the present or future public convenience and necessity and (2) the continuation of the service will constitute an unjust and undue burden on the interstate operations of the railroad or railroads involved.

Expediting Decisions on Intrastate Charges and Practices

The Interstate Commerce Commission has long had the power to investigate any rate, fare, charge, classification, regulation, or practice (of a railroad or pipeline) which gives a preference or advantage to intrastate transportation over interstate transportation or which unjustly discriminates against or places an undue burden on interstate commerce. Heretofore, the Commission has had either to wait until the State authority involved had rendered a decision or to hold joint hearings with that authority. The new law authorizes the Commission to make its investigation and render its decision even though the matter may still be pending before a State authority or may not yet have been considered by the latter. Interstate shippers probably will share the railroad view that this is a change for the better. Intrastate shippers may feel differently, since the new procedure probably will speed up some increases in the rates they pay.

Agricultural Commodities Exemption

Important changes were made also in the part of the Interstate Commerce Act which provides for Federal Regulation of interstate trucking, although intrastate trucking remains free of Federal control. That Act's Section 203(b)(6) -- commonly called the "agricultural commodities exemption" clause -- has thus far exempted the interstate motor carriers of fish, livestock, and all agricultural commodities from economic regulation by the Interstate Commerce Commission -- control over such matters as the truckers' routes and rates. ^{3/} The exemption does not apply to "manufactured products" of agricultural commodities. The interstate trucking of manufactured products has been subject to economic regulation by the ICC throughout the 23 years of Federal regulation of motor carriers.

There has been considerable litigation as to whether individual commodities were agricultural or manufactured. The question is whether a particular farm commodity has been processed enough to have become a manufactured product. In general, the railroads and some segments of the trucking industry have supported a broad concept of "manufactured products" -- which would mean a broad definition of what transportation is to be regulated. Farm groups have been more disposed to favor a broad concept of "agricultural commodities" -- a more restricted idea as to what transportation should be regulated. ^{4/}

In March 1958, the Interstate Commerce Commission's Bureau of Motor Carriers issued its Administrative Ruling No. 107, listing many commodities which the ICC or the courts had held to be agricultural and many others which the ICC or the courts had held to be manufactured. The ruling made clear that there might be additional commodities which would later be held to be agricultural or to be manufactured. Some commodities, already on the market, are not found in Ruling No. 107. Furthermore, new types of processing farm commodities will doubtless arise and bring new questions as to whether the processing has gone far enough that the commodity is not agricultural but manufactured.

^{3/} Economic regulation differs from safety regulation, which means governmental control over safety equipment, hours of continuous driving by one man, and the like. The ICC exercises safety regulation over all interstate trucking. In keeping with common usage, when this article refers to "regulated" trucking it means trucking subject to economic regulation.

^{4/} As to the development of the exemption, see U.S. Dept. Agr. Market. Res. Rpt. 188. The Agricultural Exemption in Interstate Trucking -- A Legislative and Judicial History, by Celia Sperling, July 1957.

Section 7 of the Transportation Act of 1958 amends the Interstate Commerce Act's exemption provision. The new law gives the commodity list 5/ in Ruling No. 107 the status of a part of the Interstate Commerce Act; but Congress has not said this list shall have no products added to it hereafter, as either exempt or not exempt, as a result of future decisions by the ICC or the courts. Instead, Congress has, in effect, forbidden the shifting of commodities already on the list from one classification to the other through future decisions of the ICC or the courts.

Moreover, the new legislation amends the exemption in both directions. It modifies the ICC list of agricultural commodities by providing for economic regulation of the trucking of frozen fruits, frozen berries, frozen vegetables, cocoa beans, coffee beans, tea, hemp, wool tops and noils, and wool waste which has been carded, spun, woven or knitted -- all of which had been listed in Ruling No. 107 as exempt. Earlier, some of these had been held by the ICC to be nonexempt, but the Commission had been overruled by the courts and hence Ruling No. 107 lists them as exempt. For those commodities, there has been a succession of changes in status. First the ICC declared them nonexempt, then the courts decided they were exempt, and now Congress has given them nonexempt status.

The new law also brings the trucking of bananas and imported wool under regulation. The ICC Commodity List had not included bananas. It included wool (without regard to whether it was imported or domestic) as an exempt commodity.

The new law broadens the exemption as regards the interstate trucking of fish. Hitherto the trucking of "fish (including shellfish)" was exempted. This broad grouping was deemed by the ICC or the courts to exclude such fresh or frozen fish products as codfish cakes, clam juice or broth, cooked or partially cooked fish or shellfish, salmon croquettes, deviled crabs, clams or lobsters, frozen dinners, and fried fish fillets, oysters, or scallops. Hence, all of these appeared in Ruling No. 107 as nonexempt. The new law has the effect of including these commodities -- and indeed all "cooked or uncooked (including breaded) fish or shellfish when frozen or fresh" -- within the scope of the exemption. Fish and shellfish which have been treated for preserving, such as canned, smoked, pickled, spiced, corned or kippered products, remain outside the exemption.

Section 7 of the Transportation Act of 1958 also contains a provision for "grandfather rights" for those motor carriers which had been operating as exempt, for-hire haulers of those commodities now being brought under or returned to economic regulation. This requires the Interstate Commerce Commission to grant operating rights to those interstate motor carriers which can prove to its satisfaction that they were engaged in hauling these commodities on May 1, 1958, and that they have continued to do so since that time. These rights would apply only within the area or between the points where the carrier had been operating. Various motor carriers now have applications for such rights pending before the ICC.

5/ The ruling contains only one list. Some commodities in that list are noted as exempt and the others as not exempt.

Private Transportation

Section 8 of the new law is intended to curtail buy-and-sell operations. This is a device employed by some interstate truckers of nonexempt commodities who have no operating rights granted by the ICC or have rights that fail to cover something which they want to haul. The trucker purchases the cargo in one State, hauls it into another, and sells it there. He has thus availed himself of the fact that the Interstate Commerce Act provides for no economic regulation of private trucking -- the hauling of one's own goods. Moreover, from World War II until August 1, 1958, there was a 3-percent transportation tax, but it did not apply to private hauling. Truckers engaged in buy-and-sell operations say that they are distributors or merchandisers as well as haulers. The railroads and the regulated motor carriers declare that buy-and-sell operations are essentially the same as for-hire trucking (hauling another's goods in return for a transportation charge) and therefore are an evasion of the ICC's authority over for-hire trucking.

To assure that what purports to be private trucking is indeed private, the new law provides that, for a person to be considered a private trucker, he must be conducting some other kind of business as his "primary business enterprise," and his trucking must be a part of and in furtherance of his primary business enterprise.

This "primary business test" was adopted by the ICC many years ago for its own guidance in deciding whether a trucking operation which seems to be private is actually that, and the ICC's use of the test has been upheld by the courts.^{6/} Using this test, the ICC has regarded a manufacturer as a private trucker if he trucks his own product to his customers in another State -- even if he makes a separate charge for the transportation service. Putting the test into a statute makes clear that Congress wants the test to continue to be applied, and also may simplify enforcement of the test somewhat.

Summary

In the new legislation the guaranty of loans for improvement of railroad facilities is designed to bring better service and thus help both railroads and shippers. The authority for discontinuance of unprofitable services is expected to strengthen the railroads' financial position and remove the need for higher charges on other operations to subsidize those that are unprofitable. Similarly, the increased authority given the Interstate Commerce Commission to take action on intrastate rail transportation is aimed at removing burdens on interstate movement. The provisions in the Interstate Commerce Act which exempt agricultural truckers from rate and route control are narrowed by the new law in some respects -- although less than the railroads and regulated trucklines desired -- and are broadened in other respects. The clarification of the meaning of private trucking ratifies the rule that the ICC has been following.

^{6/} Woitishak Common Carrier Application, 42 MCC 193 (1943); Lenoir Chair Co. Contract Carrier Application, 51 MCC 65, at page 75 (1949); Brooks Transportation Co. vs. United States, 93 F. Supp. 517 (1950), affirmed in 340 U.S. 925 (1951).

THE LEVEL OF RAIL FREIGHT RATES ON FARM PRODUCTS, 1952-57 ^{1/}

Preliminary Versus Final Indexes

Preliminary rail freight rate indexes for 1953-56, published in October 1956, have been revised and are now available in final form (table 9). ^{2/} There is little difference between the preliminary indexes for the five major commodity groups and those now published except for the cotton index for 1956, which was estimated at 136 and is now computed at 120. The combined index did not differ from the preliminary estimates by more than one point in any year.

Table 9.- Annual rail freight rate indexes for selected agricultural commodities, 1952-57, and percentage increases between 1945 and 1957 ^{1/}
(1947-49 = 100)

Years	Live- stock	Meats	Fruits and veg- etables	Wheat	Cotton	Combined index
1952	127	127	116	123	124	122
1953	130	130	117	127	128	125
1954	130	130	117	127	128	125
1955	130	130	117	127	125	124
1956	136	136	121	133	120	129
1957	146	144	128	140	119	136
Percentage increases:						
1945 to 1957 ^{2/}	100	100	62	87	53	79

^{1/} The indexes shown here are based on actual rate levels, and rises reflect rate increases actually taken by the railroads. The increases were somewhat below those authorized by the Interstate Commerce Commission. The latter appears in an ICC statistical series.

For index numbers 1913-51 and methodology see Methods Used in Computing Rail Freight-Rate Indexes for Farm Products, by Robert B. Reese, U. S. Dept. Agr., AMS-209, issued Oct. 1953, reissued Sept. 1957.

^{2/} For example: The livestock rate index for 1957 is exactly twice the index for 1945.

Commodity Differences as to Rate Increases

A comparison of the annual indexes for 1957 with those for 1945 shows increases ^{3/} of widely different amounts. The cotton rate index for 1957 was only about half again as high as that for 1945. The 1957 index for fresh fruits and vegetables was 62 percent above that for 1945, while the index for wheat went up by 87 percent and the indexes for livestock and meats each doubled. The increase in the fruits and vegetables index was limited chiefly by holddowns.

The Interstate Commerce Commission's usual procedure, when it grants a rate increase, is to express the increase as a percentage; but the rate increase on some commodities, including fruits and vegetables, is likely to be granted subject to a dollars-and-cents limitations -- such as not more than 7 cents per 100 pounds. For the commodities involved, this practice limits percentage increases on shipments moving any great distance, and reduces the percentage spread between rates for short and long distances. For example, the rate increase which took effect on December 28, 1956, was 5 percent (except on movements wholly within Eastern Territory), but with a holddown of 7 cents per 100 pounds on fresh fruits and vegetables. This meant that, on the rail movement of potatoes from Winter Garden, Florida, to New York City, the rate went up by the full 5 percent -- a change from \$1.28 to \$1.34 per 100 pounds. On the rail movement

^{1/} Prepared by Mildred R. DeWolfe, Transportation and Facilities Branch, Agr. Market. Serv.

^{2/} See Oct. 1956 issue of this Situation, p. 11, table 4.

^{3/} See The Marketing and Transportation Situation: Apr. 1956, "Higher Freight Rates and Other Transport Developments," by Ezekiel Limmer, p. 12; May 1957, "Recent Developments in Transportation," by Celia Sperling, p. 11; and Nov. 1957, "Transportation Charges," by J. G. Nale-Povic, p. 10.

of potatoes from Bakersfield, California, to New York City, the old rate was \$1.83. Hence, a 5-percent increase would have been 9 cents. Because of the 7-cent holddown, the rate rose, instead, to \$1.90 -- an increase of 4 percent.

Over a period of years, holddowns are responsible for smaller cumulative percentage increases in the rates on commodities subject to them than in the rates on other commodities. The latter include livestock and meats.

The cotton index reached a peak of 128 in 1953 but has declined in recent years. By 1957 it had dropped to 119. One possible explanation for this downward movement is that competition from other carriers, notably trucks, lowered the rates.

Monthly Indexes - A New Feature

Monthly indexes beginning with January 1956 are a new feature of the rail freight rate indexes (table 10). Like the yearly indexes, the monthly indexes measure only rate levels. They do not reflect seasonal variation in the origins and destinations of a given commodity. The same volume weights are used for the various origins and destinations as in the annual indexes. The monthly indexes will be published at least annually, at the same time as the annual rail freight rate indexes.

Table 10.- Monthly rail freight rate indexes for selected agricultural commodities, 1956-57 ^{1/}

(1947-49 = 100)						
Year and month	Live-stock	Meats	Fruits and veg-etables	Wheat	Cotton	Combined index
<u>1956</u>						
Jan.	130	130	117	127	121	124
Feb.	130	130	117	127	119	124
Mar.	135	136	121	132	124	129
Apr.	137	137	122	134	126	130
May	137	137	122	134	125	130
June	137	137	122	134	124	130
July	137	137	122	134	119	130
Aug.	137	137	122	134	118	130
Sept.	137	137	122	134	118	130
Oct.	137	137	122	134	116	130
Nov.	137	137	122	134	114	130
Dec.	138	138	122	134	114	130
<u>1957</u>						
Jan.	144	143	127	139	119	135
Feb.	144	143	127	139	118	135
Mar.	144	143	127	139	118	135
Apr.	144	143	127	139	117	135
May	144	142	127	139	117	135
June	144	142	127	139	117	135
July	144	142	127	139	117	135
Aug.	145	142	127	140	118	135
Sept.	149	146	130	143	121	139
Oct.	149	146	130	143	121	139
Nov.	149	146	130	143	121	139
Dec.	149	146	130	143	121	139

^{1/} For annual indexes 1952-57 see table 9.

Increase in 1958

The 1958 index will reflect an additional rate increase. ^{4/} Effective February 15 of this year, the ICC granted the railroads small temporary increases in rates for most farm commodities. In September 1958, the Commission replaced these with permanent increases, some of which differ from the amounts allowed last February.

^{4/} Ex Parte 212. See The Marketing and Transportation Situation: Apr. 1958, "Recent Rail Freight Rate Increases," by Celia Sperling and Clem C. Linnenberg, Jr., pp. 14-17; Nov. 1958, "Transportation Charges," by Celia Sperling, pp. 12-14.

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Publications issued by State Agricultural Experiment
Stations may be obtained from the issuing Station.

Table 11.- Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1957-58 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)					Wholesale-retail (per 100 pounds carcass weight)		
	Price of steers <u>2/</u>	Wholesale value			Spread	Wholesale price <u>4/</u>	Retail value <u>5/</u>	Spread
		Carcass <u>3/</u>	Byproducts	Total				
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
1957								
Jan.-Mar.	20.84	21.48	1.92	23.40	2.56	36.40	53.12	16.72
Apr.-June	22.85	23.39	2.15	25.54	2.69	39.65	55.76	16.11
July-Sept.	24.30	25.15	2.30	27.45	3.15	42.62	58.56	15.94
Oct.-Dec.	24.27	24.68	2.06	26.74	2.47	41.83	58.48	16.65
Average ...	23.06	23.68	2.11	25.79	2.73	40.12	56.48	16.36
1958								
Jan.-Mar.	27.09	27.36	2.17	29.53	2.44	46.37	63.04	16.67
Apr.-June	28.46	27.98	2.40	30.38	1.92	47.43	66.24	18.81
July-Sept. <u>7/</u>	26.39	26.64	2.35	28.99	2.60	45.16	65.52	20.36

^{1/} Quarterly data for 1949-55 are published in "Beef Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 710, Feb. 1956, tables 1 and 3.

^{2/} Weighted average of price at 21 leading public stockyards.

^{3/} Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

^{4/} Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

^{5/} Calculated from average retail prices of beef cuts in urban areas, published by Bur. of Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

^{6/} Revised.

^{7/} Preliminary

Table 12.- Pork: Live-wholesale and wholesale-retail spreads, by quarters, 1957-58 ^{1/}

Quarter	Live-wholesale (per 100 pounds live weight)			Wholesale-retail (per 100 pounds major cuts)		
	Price of hogs ^{2/}	Wholesale value ^{3/}	Spread	Wholesale value ^{4/}	Retail value ^{5/}	Spread
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1957						
Jan.-Mar.	17.76	23.45	5.69	42.70	56.57	13.87
Apr.-June	19.09	24.35	5.26	45.20	59.21	14.01
July-Sept.	20.77	26.49	5.72	49.16	65.16	16.00
Oct.-Dec.	18.08	23.73	5.65	43.56	58.92	15.36
Average	18.92	24.50	5.58	45.16	59.96	14.80
1958						
Jan.-Mar.	20.59	26.19	5.60	48.66	62.85	14.19
Apr.-June	22.65	28.11	5.46	51.90	66.04	14.14
July-Sept. ^{7/}	21.85	27.74	5.89	51.28	67.57	16.29

^{1/} Quarterly data for 1949-55 are published in "Pork Marketing Margins and Costs," U. S. Dept. Agr. Misc. Pub. 711, Apr. 1956, tables 1 and 2.

^{2/} Average price of 200-220 pound barrows and gilts, Chicago.

^{3/} Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

^{4/} Wholesale value of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

^{5/} Calculated from average retail prices of major pork cuts in urban areas, published by Bur. of Labor Statistics.

^{6/} Revised.

^{7/} Preliminary.

Table 13.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, July-September 1958 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,068.90	—	—	419.87	649.03	39
Meat products			300.43	181.20	16.86	164.34	136.09	55
Dairy products			192.93	—	—	86.37	106.56	45
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	96.47	—	—	58.79	37.68	61
Bakery and cereal products	Farm produce equivalent to products bought by urban families		159.63	—	—	28.68	130.95	18
All ingredients			—	23.50	2.71	20.79	—	13
Grain			230.72	—	—	62.70	168.02	27
All fruits and vegetables			135.29	—	—	45.46	89.83	34
Fresh fruits and vegetables			62.75	—	—	17.20	45.55	27
Fresh vegetables			95.43	—	—	17.24	78.19	18
Processed fruits and vegetables			44.87	—	—	11.71	33.16	26
Fats and oils			43.85	—	—	7.28	36.57	17
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.16 lb. Choice grade cattle	Pound	81.9	52.7	4.5	48.2	33.7	59
Lamb (Choice grade)	2.33 lb. lamb	Pound	75.8	49.1	5.4	43.7	32.1	58
Pork (retail cuts)	2.13 lb. hogs	Pound	67.9	45.6	6.6	39.0	28.9	57
Butter	Cream and whole milk	Pound	73.6	—	—	50.7	22.9	69
Cheese, American process	Milk for American cheese	Pound	57.8	—	—	27.6	30.2	48
Ice cream	Cream and milk	Pint	29.7	—	—	4/5.4	24.3	18
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.1	—	—	6.1	9.0	40
Milk, fluid	Wholesale fluid milk	Quart	24.4	—	—	10.7	13.7	44
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	47.6	—	—	24.7	22.9	52
Eggs	1.03 doz.	Dozen	57.8	—	—	39.1	18.7	68
Bread, white								
All ingredients	Wheat and other ingredients	Pound	19.3	—	—	2.8	16.5	15
Wheat .....	.894 lb. wheat	Pound	—	2.4	.2	2.2	—	11
Crackers, soda	1.40 lb. wheat	Pound	29.2	3.8	.4	3.4	25.8	12
Corn flakes	1.57 lb. white corn	12 ounces	25.5	4.6	1.3	3.5	22.0	14
Corn meal	1.34 lb. white corn	Pound	12.9	.1	.5	3.6	9.3	28
Flour, white	7.0 lb. wheat	5 pounds	55.0	9.3	2.1	17.2	37.8	31
Rolled oats	2.31 lb. oats	18 ounces	20.3	4.0	.6	3.4	16.9	17
Apples ^{5/}	1.08 lb. apples	Pound	—	—	—	—	—	—
Grapefruit	1.04 grapefruit	Each	—	—	—	—	—	—
Lemons	1.04 lb. lemons	Pound	17.9	—	—	4.5	13.4	25
Oranges	1.04 doz. oranges	Dozen	82.6	—	—	36.5	46.1	44
Beans, green	1.09 lb. snap beans	Pound	18.4	—	—	8.1	10.3	44
Cabbage	1.10 lb. cabbage	Pound	7.2	—	—	1.8	5.4	25
Carrots	1.06 lb. carrots	Pound	15.4	—	—	4.5	10.9	29
Celery	1.11 lb. celery	Pound	15.5	—	—	3.9	11.6	25
Lettuce	1.41 lb. lettuce	Head	15.9	—	—	4.0	11.9	25
Onions	1.06 lb. onions	Pound	9.7	—	—	2.5	7.2	26
Potatoes	10.42 lb. potatoes	10 pounds	60.3	—	—	14.7	45.6	24
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	17.5	—	—	4.6	12.9	26
Tomatoes	1.18 lb. tomatoes	Pound	21.3	—	—	6.7	14.6	31
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	41.0	—	—	7.3	33.7	18
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	33.8	—	—	6.1	27.7	18
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.1	—	—	2.8	12.3	19
Corn, canned	2.49 lb. sweet corn	No. 303 can	17.7	—	—	2.4	15.3	14
Peas, canned .....	.69 lb. peas for canning	No. 303 can	21.0	—	—	3.0	18.0	14
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	17.8	—	—	2.3	15.5	13
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	28.8	—	—	8.7	20.1	30
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	26.4	—	—	5.7	20.7	22
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	23.2	—	—	4.4	18.8	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	19.6	—	—	3.2	16.4	16
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	18.9	—	—	8.0	10.9	42
Dried prunes .....	.97 lb. dried prunes	Pound	33.4	—	—	9.1	24.3	27
Margarine, colored	Soybeans, cottonseed, and milk	Pound	29.1	—	—	6.6	22.5	23
Peanut butter	1.77 lb. peanuts	Pound	56.4	—	—	19.2	37.2	34
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	37.8	—	—	6.5	31.3	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	94.0	54.2	30.2	24.0	70.0	26
Corn sirup	1.90 lb. corn	24 ounces	26.0	3.9	.7	3.2	22.8	12
Sugar	38.27 lb. sugar beets	5 pounds	56.8	21.1	1.1	6/20.0	6/36.8	6/35

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Farm value of cream and milk only.

^{5/} Insufficient data.

^{6/} Net farm value adjusted for Government payments to producer was 24.4 cents, farm-retail spread adjusted for Government processor tax was 32.4 cents, farmer's share of retail cost based on adjusted farm value was 43 percent.

Preliminary estimates.

Table 14.- Farm food products: Retail cost and farm value, July-September 1958, April-June 1958, July-September 1957 and 1947-49 average 1/

Product 2/	Retail unit	Retail cost						Net farm value 3/					
		July-Sept. 1958	Apr.-June 1958	July-Sept. 1957	July-Sept. 1947-49 average	Percentage change: July-Sept. 1958 from July-Sept. 1957	Percentage change: July-Sept. 1958 from July-Sept. 1947-49 average	July-Sept. 1958	Apr.-June 1958	July-Sept. 1957	July-Sept. 1947-49 average	Percentage change: July-Sept. 1958 from July-Sept. 1957	Percentage change: July-Sept. 1958 from July-Sept. 1947-49 average
		1958	1958	1957	1957	1958	1957	1958	1958	1957	1957	1958	1957
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket 6/		1,068.90	1,084.61	1,030.40	940.09	-1	4	419.87	5/444.27	5/414.87	466.02	-5	1
Meat products		300.43	297.35	274.53	256.08	1	9	164.34	5/172.51	5/151.40	170.90	-5	9
Dairy products		192.93	191.56	191.10	169.28	1	1	86.37	5/83.84	5/87.71	91.66	3	-2
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	96.47	95.49	96.97	117.01	1	-1	58.79	58.96	5/59.55	80.69	7/	-1
Bakery and cereal products		159.63	159.40	157.30	121.96	7/	1	28.68	5/30.88	5/31.37	34.97	-7	-9
All ingredients		—	—	—	—	—	—	20.79	5/22.90	5/23.32	24.96	-9	-11
All fruits and vegetables		230.72	252.13	223.04	184.68	-8	3	62.70	5/78.08	5/63.53	60.93	-20	-1
Fresh fruits and vegetables		135.29	158.84	135.37	103.91	-15	7/	45.46	60.74	5/46.05	42.91	-25	-1
Fresh vegetables		62.75	80.61	65.37	53.17	-22	-4	17.20	27.49	5/21.83	22.97	-37	-21
Processed fruits and vegetables		95.43	93.29	87.66	—	2	9	17.24	5/17.34	5/17.48	—	-1	-1
Fats and oils		44.87	45.03	45.21	52.21	7/	-1	11.71	5/12.69	5/14.01	19.84	-8	-16
Miscellaneous products		43.85	43.65	42.25	38.87	7/	4	7.28	5/7.31	5/7.31	7.03	7/	7/
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	81.9	82.8	73.2	68.5	-1	12	48.2	52.1	5/45.7	48.5	-7	5
Lamb (Choice grade)	Pound	75.8	73.4	71.8	63.9	3	6	43.7	42.7	40.0	44.2	2	9
Pork (retail cuts)	Pound	67.9	66.2	65.5	59.4	3	4	39.0	5/39.7	5/36.7	39.7	-2	6
Butter	Pound	73.6	73.7	74.0	79.4	7/	-1	50.7	50.4	51.5	59.3	1	-2
Cheese, American process	Pound	57.8	58.1	57.8	52.6	-1	0	27.6	27.4	28.4	32.0	1	-3
Ice cream	Pint	29.7	29.7	29.5	—	0	1	8/5.4	8/5.4	8/5.6	—	0	-4
Milk, evaporated	14 1/2 ounce can	15.1	15.1	14.7	13.7	0	3	6.1	6.0	6.1	7.1	2	0
Milk, fluid	Quart	24.4	24.1	24.1	20.1	1	1	10.7	10.2	10.8	10.6	5	-1
Chickens, frying, ready-to-cook	Pound	47.6	49.6	49.8	—	-4	-4	24.7	27.6	5/27.5	—	-11	-10
Eggs	Dozen	57.8	55.0	56.3	66.7	5	3	39.1	36.7	5/37.3	48.0	7	5
Bread, white													
All ingredients	Pound	19.3	19.2	18.9	13.5	1	2	2.8	3.1	3.1	3.3	-10	-10
Wheat	Pound	—	—	—	—	—	—	2.2	2.5	2.5	2.7	-12	-12
Crackers, soda	Pound	29.2	29.2	29.1	—	0	7/	3.4	3.8	4.0	—	-11	-15
Corn flakes	12 ounces	25.5	25.4	23.1	17.1	7/	10	3.5	5/3.4	5/3.4	3.2	3	3
Corn meal	Pound	12.9	12.8	12.7	11.8	1	2	3.6	5/3.5	3.5	3.6	3	3
Flour, white	5 pounds	55.0	55.6	54.8	48.4	-1	7/	17.2	19.2	19.9	21.0	-10	-14
Rolled oats	18 ounces	20.3	20.3	20.0	16.1	0	2	3.4	3.7	5/3.7	5.4	-8	-8
Apples	Pound	9/	18.5	19.7	11.9	9/	9/	9/	7.6	6.8	5.4	9/	9/
Grapefruit	Each	10/	15.0	—	8.5	—	—	5/10/3.9	—	—	1.4	—	—
Lemons	Pound	17.9	18.7	18.0	17.7	-4	-1	4.5	5.0	4.3	5.7	-10	5
Oranges	Dozen	82.6	76.0	61.1	46.6	9	35	36.5	32.4	20.1	12.6	13	82
Beans, green	Pound	18.4	25.0	21.2	21.1	-26	-13	8.1	10.1	10.5	9.3	-20	-23
Cabbage	Pound	7.2	10.1	8.5	6.9	-29	-15	1.8	2.3	2.8	1.9	-22	-36
Carrots	Pound	15.4	13.9	15.9	11.1	11	-3	4.5	3.4	5.3	4.0	32	-15
Celery	Pound	15.5	19.5	15.2	—	-21	2	3.9	7.9	4.5	—	-51	-13
Lettuce	Head	15.9	18.5	19.6	14.5	-14	-19	4.0	6.1	7.2	6.3	-34	-44
Onions	Pound	9.7	11.8	9.7	8.4	-18	0	2.5	4.2	2.4	3.7	-40	4
Potatoes	10 pounds	60.3	75.6	58.3	51.9	-20	3	14.7	24.9	17.6	25.6	-41	-16
Sweetpotatoes	Pound	17.5	17.6	16.5	11.6	-1	6	4.6	6.5	4.5	4.8	-29	2
Tomatoes	Pound	21.3	39.7	22.8	—	-46	-7	6.7	14.0	8.5	—	-52	-21
Orange juice, canned	16 ounce can	41.0	36.9	34.1	—	11	20	7.3	7.3	10.5	—	0	-30
Peaches, canned	No. 2-1/2 can	33.8	33.8	34.8	31.5	0	-3	6.1	6.0	6.4	5.3	2	-5
Beans with pork, canned	16 ounce can	15.1	15.1	14.7	—	0	3	2.8	3.1	2.4	—	-10	17
Corn, canned	No. 303 can	17.7	17.5	17.1	16.7	1	4	2.4	2.4	2.5	2.7	0	-4
Peas, canned	No. 303 can	21.0	20.9	21.6	21.4	7/	-3	3.0	3.1	3.1	3.0	-3	-3
Tomatoes, canned	No. 303 can	17.8	18.0	15.0	14.2	-1	19	2.3	2.3	2.4	2.6	0	-4
Orange juice concentrate, frozen	6 ounce can	28.8	26.7	17.7	—	8	63	8.7	8.2	5.9	—	6	47
Strawberries, frozen	10 ounces	26.4	26.5	25.6	—	7/	3	5.7	4.8	5/5.4	—	19	6
Beans, green, frozen	9 ounces	23.2	23.2	21.8	—	0	6	4.4	4.4	5/4.4	—	0	0
Peas, frozen	10 ounces	19.6	19.4	19.6	—	1	0	3.2	3.2	3.3	—	0	-3
Dried beans (navy)	Pound	18.9	18.2	16.2	19.9	4	17	8.0	8.9	6.9	9.7	-10	16
Dried prunes	Pound	33.4	33.2	33.8	23.1	1	-1	9.1	5/9.1	9.5	8.8	0	-4
Margarine, colored	Pound	29.1	29.7	29.6	39.7	-2	-2	6.6	5/7.6	9.0	12.2	-13	-27
Peanut butter	Pound	56.4	54.6	53.6	—	3	5	19.2	19.2	18.9	—	0	2
Salad dressing	Pint	37.8	37.8	37.4	37.8	0	1	6.5	5/7.0	7.3	10.0	-7	-11
Vegetable shortening	3 pounds	94.0	95.3	97.4	105.6	-1	-3	24.0	5/27.5	5/32.4	46.2	-13	-26
Corn sirup	24 ounces	26.0	25.8	24.9	—	1	4	3.2	3.1	3.2	—	3	0
Sugar	5 pounds	56.8	56.0	55.5	48.4	1	2	20.0	20.0	20.0	19.4	0	0

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

4/ Preliminary estimates.

5/ Most retail cost figures for Apr.-June 1958 and July-Sept. 1957 have been revised; other figures revised as indicated.

6/ Sum of product groups may differ slightly from market basket total because of rounding.

7/ Less than 0.5 percent.

8/ Farm value of cream and milk only.

9/ Insufficient data.

10/ 2-month average.

Table 15- Farm food products: Farm-retail spread and farmer's share of the retail cost, July-September 1958, April-June 1958, July-September 1957, and 1947-49 average ^{1/}

Product ^{2/}	Retail unit	Farm-retail spread ^{3/}				Farmer's share					
		July-Sept. 1958	Apr.-June 1958	July-Sept. 1957	1947-49 average	Percentage change from -		July-Sept. 1958	Apr.-June 1958	July-Sept. 1957	1947-49 average
		4/	5/	5/		Apr.-June 1958	July-Sept. 1957	4/	5/		
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket ^{6/}		649.03	640.34	615.53	474.07	1	5	39	41	40	50
Meat products		136.09	124.84	123.13	85.18	9	11	55	58	55	67
Dairy products		106.56	107.72	103.39	77.62	-1	3	45	44	46	54
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	37.68	36.53	37.42	36.32	3	1	61	62	5/61	69
Bakery and cereal products											
All ingredients		130.95	128.52	125.93	86.99	2	4	18	19	20	29
Grain								13	14	15	20
All fruits and vegetables		168.02	174.05	159.51	123.75	-3	5	27	31	5/28	33
Fresh fruits and vegetables		89.83	98.10	89.32	61.00	-8	1	34	38	34	41
Fresh vegetables		45.55	53.12	43.54	30.20	-14	5	27	34	33	43
Processed fruits and vegetables		78.19	75.95	70.18		3	11	18	19	20	
Fats and oils		33.16	32.34	31.20	32.37	3	6	26	28	31	38
Miscellaneous products		36.57	36.34	34.94	31.84	1	5	17	17	17	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	33.7	30.7	27.5	20.0	10	23	59	63	62	71
Lamb (Choice grade)	Pound	32.1	30.7	31.8	19.7	5	1	58	58	56	69
Pork (retail cuts)	Pound	28.9	26.5	28.8	19.7	9	7/	57	60	56	67
Butter	Pound	22.9	23.3	22.5	20.1	-2	2	69	68	5/70	75
Cheese, American process	Pound	30.2	30.7	29.4	20.6	-2	3	48	47	49	61
Ice cream	Pint	24.3	24.3	23.9		0	2	18	18	19	
Milk, evaporated	1 1/2 ounce can	9.0	9.1	8.6	6.6	-1	5	40	40	41	52
Milk, fluid	Quart	13.7	13.9	13.3	9.5	-1	3	44	42	45	53
Chickens, frying, ready-to-cook	Pound	22.9	22.0	22.3		4	3	52	56	5/55	
Eggs	Dozen	18.7	18.3	19.0	18.7	2	-2	68	67	66	72
Bread, white											
All ingredients	Pound	16.5	16.1	15.8	10.2	2	4	15	16	16	24
Wheat	Pound							11	13	13	20
Crackers, soda	Pound	25.8	25.4	25.1		2	3	12	13	14	
Corn flakes	12 ounces	22.0	22.0	19.7	13.9	0	12	14	13	15	19
Corn meal	Pound	9.3	9.3	9.2	8.2	0	1	28	27	28	31
Flour, white	5 pounds	37.8	36.4	34.9	27.4	4	8	31	35	36	43
Rolls oats	18 ounces	16.9	16.6	16.3	10.7	2	4	17	18	19	34
Apples	Pound	8/	10.9	12.9	6.5	8/	8/	8/	41	35	45
Grapefruit	Each		9/11.1		7.1				9/26		16
Lemons	Pound	13.4	13.7	13.7	12.0	-2	-2	25	27	24	32
Oranges	Dozen	46.1	43.6	41.0	34.0	6	12	44	43	33	27
Beans, green	Pound	10.3	14.9	10.7	11.8	-31	-4	44	40	50	44
Cabbage	Pound	5.4	7.8	5.7	5.0	-31	-5	25	23	33	28
Carrots	Pound	10.9	10.5	10.6	7.1	4	3	29	24	33	36
Celery	Pound	11.6	11.6	10.7		0	8	25	41	30	
Lettuce	Head	11.9	12.4	12.4	8.2	-4	-4	25	33	37	43
Onions	Pound	7.2	7.6	7.3	4.7	-5	-1	26	36	25	44
Potatoes	10 pounds	45.6	50.7	40.7	26.3	-10	12	24	33	30	49
Sweet potatoes	Pound	12.9	11.1	12.0	6.8	16	8	26	37	27	41
Tomatoes	Pound	14.6	25.7	14.3		-43	2	31	35	37	
Orange juice, canned	46 ounce can	33.7	29.6	23.6		14	43	18	20	31	
Peaches, canned	No. 2-1/2 can	27.7	27.8	28.4	26.2	7/	-2	18	18	18	17
Beans with pork, canned	16 ounce can	12.3	12.0	12.3		3	0	19	21	16	
Corn, canned	No. 303 can	15.3	15.1	14.6	14.0	1	5	14	14	15	16
Peas, canned	No. 303 can	18.0	17.8	18.5	18.4	1	-3	14	15	14	14
Tomatoes, canned	No. 303 can	15.5	15.7	12.6	11.6	-1	23	13	13	16	18
Orange juice concentrate, frozen	6 ounce can	20.1	18.5	11.8		9	70	30	31	33	
Strawberries, frozen	10 ounce	20.7	21.7	20.2		-5	2	22	18	5/21	
Beans, green, frozen	9 ounce	18.8	18.8	17.4		0	8	19	19	20	
Peas, frozen	10 ounces	16.4	16.2	16.3		1	1	16	16	17	
Dried beans (navy)	Pound	10.9	9.3	9.3	10.2	17	17	42	49	43	49
Dried pumee	Pound	24.3	24.1	24.3	14.3	1	0	27	27	28	38
Margarine, colored	Pound	22.5	22.1	20.6	27.5	2	9	23	26	30	31
Peanut butter	Pound	37.2	35.4	34.7		5	7	34	35	35	
Salad dressing	Pint	31.3	30.8	30.1	27.8	2	4	17	19	20	26
Vegetable shortening	3 pounds	70.0	67.8	65.0	59.4	3	8	26	29	33	44
Corn sirup	24 ounce	22.8	22.7	21.7		7/	5	12	12	13	
Sugar	5 pounds	36.8	36.0	35.5	29.0	2	4	35	36	36	40

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} The farm-retail spread is the difference between the retail cost and the net farm value, table 14.

^{4/} Preliminary estimates.

^{5/} Most farm-retail spread figures for Apr.-June 1958 and July-Sept. 1957 have been revised; other figures revised as indicated.

^{6/} Sum of product groups may differ slightly from market basket total because of rounding.

^{7/} Less than 0.5 percent.

^{8/} Insufficient data.

^{9/} 2-month average.

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